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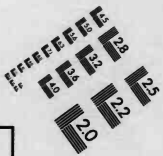
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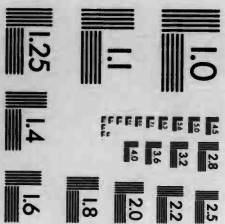
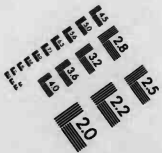
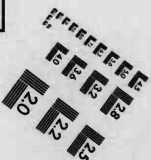
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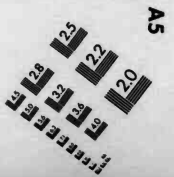
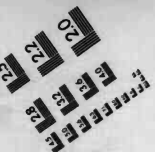
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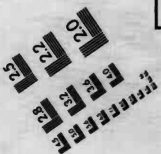
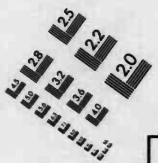
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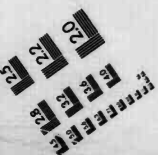
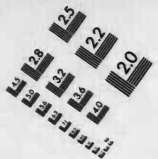
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U.S. DEPARTMENT OF LABOR.

SOME RECENT ECONOMIC AND LEGISLATIVE
DEVELOPMENTS BEARING ON THE ESTABLISHMENT
OF A MINIMUM WAGE RATE IN THE EMBROIDERIES
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SOME RECENT ECONOMIC AND LEGISLATIVE DEVELOPMENTS

BEARING ON THE ESTABLISHMENT OF A

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INTRODUCTION

Initially, Apparel Industry Committee No. 2 covered the embroideries industry as well as other accessory industries. When on May 10, 1940, the Administrator approved all of the other wage recommendations of the Apparel Industry Committee, he did not approve the two rates recommended for the embroideries industry. The suggested minima for this industry were not, he found, supported by evidence at the public hearings on the Committee's recommendations.

An independent Embroideries Industry Committee, No. 15, was later appointed, and on September 5, 1940, recommended a minimum hourly rate of 37½ cents for the entire industry. This recommendation was approved by the Administrator, and the wage order became effective January 27, 1941.

Although the Bureau of Labor Statistics compiles and publishes monthly reports on the movements of average hourly earnings, employment, and payrolls from firms in many industries, no data are available for the embroideries industry. Because of the pressure of work entailed in furnishing essential data to agencies devoted to the prosecution of the war, the Bureau was not called upon to make a special study of changes that may have occurred in the industry since its survey of average hourly earnings in March 1940.

On the assumption that all workers who earned less than the minimum wage rate of 37½ cents an hour now earn that minimum, the wage data compiled by the Bureau of Labor Statistics in 1940 were used in this report as a basis for estimating possible increases in the wage bill at given hourly minima up to, and including, 40 cents, and the resulting increases in the cost of production which the industry would be required to absorb.

A number of producers in all divisions of the industry as well as representatives of associations and unions, located in New York and Northern New Jersey, were canvassed early in 1942 by a member of the Economics Branch of the Wage and Hour Division in an effort to obtain some information on the effects of the present minimum wage order, and on general economic conditions in the industry. The canvass disclosed that in 1940 and 1941 there had been a pronounced increase in the volume and value of production, and in man-hours of work, over previous years.

All of the divisions of the industry have felt the impact of the rising prices of materials. Some have been somewhat affected by the curtailment of supplies from abroad; others have definitely profited by the cessation of imports, particularly from the Far East. The required conservation of materials and dyes will undoubtedly affect different branches of the industry in varying degrees. Ingenuity in the creation of embellishments to offset the conservation of materials will help mitigate the effects of the limitations placed on the industry by the war effort.

This report supplements the report presented to the previous embroideries industry committee. The material which follows is designed to aid the committee in evaluating the present economic and competitive conditions of the industry, and to serve as a basis for reconsideration of a wage recommendation in conformity with the provisions of the Fair Labor Standards Act.

THE DEFINITION OF THE INDUSTRY

In Administrative Order No. 145, dated June 6, 1942, the term "embroideries industry" means:

"The production of all kinds of hand and machine-made embroideries and ornamental stitchings, including, but not by way of limitation, tucking, shirring, smocking, hemstitching, hand rolling, fagoting, Bonnaz embroidery, appliqueing, crochet beading, hand drawing, machine drawing, rhinestone trimming, sequin trimming, spangle trimming, eyelets, passementerie, pleating, the application of rhinestones and nailheads, stamping and perforating of designs, Schiffli embroidery and laces, burnt-out laces and velvets, Swiss hand-machine embroidery, thread splitting, embroidery thread cutting, scallop cutting, lace cutting, lace making-up, making-up of embroidered yard goods, straight cutting of embroidery and cutting out of embroidery, embroidery trimmings, bindings (not made in textile establishments), pipings and emblems; provided, however, that (1) the foregoing when produced or performed by a manufacturer of a garment, fabric or other article for use on such garment, fabric or other article, and (2) the manufacture of covered buttons and buckles, shall not be included."

This definition is identical with the definition used by the previous embroideries industry committee, except for minor editorial changes, and the inclusion of "stamping and perforating of designs." The industry is highly stylized and is constantly creating new designs and intricacies of embellishment. For this reason, the qualifying descriptions of processes or operations are merely illustrative and are not intended to limit the scope of the definition.

The Administrative Order also provides that:

"The definition of the embroideries industry covers all occupations in the industry which are necessary to the production of the articles specified in the definition, including clerical, maintenance, shipping and selling occupations, provided, however, that where an employee covered by this definition is employed during the same workweek at two or more different minimum rates of pay, he shall be paid the highest of such rates for such workweek unless records concerning his employment are kept by his employer in accordance with applicable regulations of the Wage and Hour Division."

Inclusions

The embroideries industry produces primarily for manufacturers of apparel and apparel accessories but in addition it serves producers of shoes, handbags, art linens, upholstery and similar articles. The definition of the industry lists some basic types of operations or embellishments. While most of these operations are utilized from season

to season, certain branches of the industry may be relatively more important during one season than another. The most important types of embroidery processes or products are listed below:

- Schiffli machine products
- Swiss hand-machine embroideries (hand-loom)
- Cutting out of embroideries and laces, and thread cutting
- Bonnaz embroideries
- Fancy stitchings
- Tuckings and shirrings
- Pleatings
- Crochet beading
- Hand embroideries
- Fussementeries
- Bindings and pipings
- Stamped art goods

Embroidery follows a design which has been stamped on to the fabric, article or garment to be embroidered. The specific inclusion of this stamping operation, common to all embroidery, permits the coverage of the stamped art goods industry in which stamping is the major process.

Exclusions

Bindings are produced in textile establishments as well as in establishments covered by the embroideries industry definition. Woven bindings produced by textile machinery are covered by the textile industry definition.

When embroideries are produced by a manufacturer of a garment, fabric or other article for use on such garment, fabric or other article, they are not covered by the embroideries industry definition. If, by way of illustration, a manufacturer of handkerchiefs or of infants' and children's outerwear has embroidery performed on his own products, the embroidery work done by his employees is not covered by the embroideries industry definition but by the handkerchief or infants' and children's outerwear industry definition. If the embroidery, however, on these same articles is performed by a manufacturer or contractor of embroideries, the production is included under the embroideries industry definition.

The manufacture of covered buttons and buckles, included in the miscellaneous apparel industry definition, is excluded from the embroideries industry definition.

Overlapping

Although embroidery establishments primarily produce articles and fabrics which are covered by the definition, there is some overlapping with industries covered by other wage orders. Some embroidery establishments, particularly those which make Schiffli products, also manufacture ladies' neckwear. In such cases neckwear is usually the major product. A few establishments which produce pleating, stitching and Bonnaz embroidery manufacture covered buttons and buckles as a secondary product. A number of establishments which make covered buttons and buckles also work on nailheads and rhinestones which are included in the embroideries industry

definition. Some producers of nailheads make women's belts. Manufacturers producing embroidery trimmings also make textile trimmings. Again, some establishments which produce banners, pennants and regalia produce emblems which are covered by the embroideries industry definition. Taking the industry as a whole, such overlapping is relatively of minor importance. Stamped art goods are sometimes a minor part of the production of large yarn and thread concerns which produce stamped art goods as a medium for furthering the sale of yarns and threads. Except for concerns in the banner, pennant and regalia industry, for which no wage order has been issued, a 40-cent minimum wage order has been established in all industries with which there is any overlapping. Interviews by a member of the staff of the Wage and Hour Division with a number of representative firms in the banner, pennant and regalia industry located in New York revealed that none of these firms paid workers engaged in embroidery operations less than 40 cents an hour.

GENERAL DESCRIPTION OF THE INDUSTRY

Scope of Census Coverage

Largely because the embroideries industry consists of many small establishments the Census of Manufactures data on the industry do not include as many establishments as are covered by the embroideries industry as defined in this report. A considerable number of so-called "family shops" and "bed-room shops" probably do not produce \$5,000 worth of goods annually, the minimum requirement for inclusion in the Census. Other concerns may have failed to report entirely. Census data of 1939, however, as contrasted with those of 1937, conform rather closely to estimates by representatives of the industry itself on the number of establishments which come properly within the scope of the Census.

The difference between the estimated total of approximately 1850 establishments and the 1431 covered by the Census of 1939 represents, with few exceptions, employers who maintain no inside shops, the small "family shops" and the "bed-room shops," in which the owners and members of the family, or two additional workers, perform all of the operations. Despite the fact that Census data are not available for this segment of the industry, the reported data presents a fairly accurate picture of the industry.

In 1939, the Census of Manufactures reported that the industry consisted of 1,431 establishments which employed an average, during the year, of 17,328 wage earners in addition to 1,949 salaried, distribution, and other employees ^{1/} (Table 1). The cost of materials, supplies, fuel, purchased electric energy, etc., amounted to \$26,152,346, or about 42 percent of the total value of products and receipts for contract work (\$62,677,155). Expenditures for wages and salaries accounted for about 30 percent of the value of products and receipts for contract work, but represented 41 percent of the "prime costs," which cover costs of material, supplies, fuel, purchased electric energy and cost of contract work, together with wages and salaries.

^{1/} Salaried officers of corporations are not included.

Branches of the Industry

Many of the subdivisions of the embroideries industry are wholly unrelated to one another in their manner and technique of production. Different trade associations represent various branches of the industry. While the Census of Manufactures covers all divisions, it does not necessarily classify them in the categories customarily defined by the industry itself. The only classification which conforms to that of the industry is the Schiffli-machine products group. All other products and operations are classified under "embroideries - other than Schiffli-machine products" and "trimmings, stamped art goods, and art needlework." The Census combines Swiss hand-machine, Bonnaz, and hand embroidery under the category of "embroideries - other than Schiffli-machine products," and tucking, pleating, stitching, bindings and trimmings under the heading of "trimmings and stamped art goods." The industry, however, through its trade associations, recognizes Bonnaz and hand embroideries, crochet beading, stitching, tucking, pleating, piping, passementerie and allied forms of embellishment as one division of the industry. They are related neither to the Swiss hand-machine branch which represents a distinct group nor to stamped art goods. Binding establishments, grouped by the Census with "trimmings and stamped art goods," form a distinct branch of the industry and have their own trade associations.

In 1939, the Census reported 598 establishments manufacturing Schiffli machine products, 411 "embroideries - other than Schiffli machine products," and 622 "trimmings (not made in textile mills), stamped art goods, and art needlework" (Table 1).

It has been estimated by representatives of the industry that there are, at present, about 450 establishments in the Schiffli products branch. The fifty-odd establishments not accounted for by the Census probably represent "family shops" which presumably did not manufacture products to the value of \$5,000 annually.

A rough estimate from information supplied by associations in the Bonnaz, stitching, pleating and hand embroidery branch places the number of concerns engaged in these operations at about 1,000. In the opinion of representatives of the trade associations, the majority of concerns producing hand embroideries exclusively are usually distributors or contractors without shops who usually employ home workers only, and often fail to report to the Census. Several hundred establishments fall within this category.

Representative producers in the Swiss hand-machine embroidery branch estimate that there are about 200 such establishments. The majority are "family shops" producing on a contract basis. It is quite probable that an appreciable number of the latter group was not covered by the Census, since their production may not have amounted to \$5,000 annually.

The estimate of about 150 binding establishments conforms rather closely to a special breakdown by the Census for 1937. These firms are grouped with "trimmings and stamped art goods establishments" in the regular Census reports.

(10,664)

Table 1.—Basic Coverage of the Embroideries Industry, 1939.

Industry Branch	Number of establishments	Average number of wage earners for the year a/	Wages	Average number of salaried employees for the year b/	Salaries	Cost of materials, fuel, purchased electric energy and contract work	Value of products and receipts for contract work c/
All branches, total	1,431	17,828	\$15,566,967	1,949	\$2,847,828	\$26,152,346	\$62,977,155
Schiffli machine products	398	3,750	3,247,549	279	495,431	6,128,753	14,121,853
Embroideries other than Schiffli, total	411	4,797	3,823,215	314	352,143	2,293,560	9,906,618
Regular factories	54	606	504,561	61	76,631	671,431	1,686,181
Contract factories	357	4,189	3,318,654	253	275,512	1,622,129	8,220,437
Trimmings (not made in textile mills) and stamped art goods, total	622	9,281	8,491,203	1,356	2,000,254	17,730,033	34,643,084
Regular factories	227	3,728	3,152,613	842	1,538,937	15,943,644	26,136,677
Contract factories	395	5,553	5,338,590	514	861,297	1,786,389	12,506,407
Percentages							
All branches, total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Schiffli machine products	27.8	21.0	20.9	14.3	17.4	23.4	22.5
Embroideries other than Schiffli	28.7	26.9	24.6	16.1	13.4	8.8	15.9
Regular factories	3.8	3.4	3.2	3.1	2.7	2.6	2.7
Contract factories	24.9	23.5	21.4	13.0	9.7	6.2	13.1
Trimmings (not made in textile mills) and stamped art goods, total	43.5	52.1	54.5	69.6	70.2	67.3	61.7
Regular factories	15.9	20.9	20.3	43.2	47.7	61.0	41.7
Contract factories	27.6	31.2	34.2	26.4	22.5	6.3	20.0

Source: Census of Manufactures, 1939.

a/ The item for wage earners is an average of the numbers reported for the several months of the year and includes both full-time and part-time workers. The quotient obtained by dividing the amount of wages by the average number of wage earners cannot, therefore, be accepted as representing the average wage received by full-time wage earners.

b/ Includes distribution, construction and other workers, but excludes salaried officers of corporations. The 1939 Census was the first for which figures were obtained for distribution, construction and other employees at the plant, in addition to the manufacturing employees. The data on wage earners are, therefore, not strictly comparable with those of other censuses.

c/ The total value of products and receipts for contract work includes all products made in embroidery establishments, as well as embroidery made in other plants. Profits or losses cannot be calculated from the census figures because no data are collected for certain expense items, such as interest, rent, depreciation, taxes, insurance, and advertising.

(10,664)

In the stamped art goods branch, a few large producers account for the bulk of the total value of products. Representatives of the industry estimate that there are, at most, 100 stamped art goods and art needlework establishments. ^{1/}

Regular Manufacturers and Contract Shops

Since a large percentage of the work in the embroideries industry consists of the embellishment of materials, garments or articles produced by other manufacturers, it follows that contract factories, as defined by the Census, predominate in this industry. Contract shops work on materials and products supplied by manufacturers and jobbers and usually supply only threads or other materials such as beads, sequins, nailheads, etc. Some establishments, especially in the Bonnaz, crochet beading and stitching branch, also create original designs. Manufacturers who own the raw materials and sell the finished products are designated as regular establishments by the Census.

About three-quarters of all establishments listed by the Census of 1939 under "embroideries - other than Schiffli machine products" and "trimmings (not made in textile mills) and stamped art goods" were contract factories. The 1939 Census reports no separate breakdown in the Schiffli division for regular and contract factories. Since the percentage of contract shops in the Schiffli division in 1937 was the same as that for the groups listed above, it may be presumed that the proportion is practically the same for the Schiffli division, namely three-fourths.

Table 2 shows the number of establishments, wage earners, value of products and total wages in both contract factories and regular factories for 1939. The table also shows similar data for 1937. Comparisons of the data for these two years should be made with caution since the data are not strictly comparable.

In terms of value of products and receipts for contract work, contract factories in the Bonnaz sub-branch accounted for about 87 percent of the value of products and receipts for contract work in 1939, while tucking, pleating, and stitching were produced almost exclusively in contract shops (Table 3). In "other embroideries, except Schiffli" which cover principally hand and hand-machine embroideries, about two-thirds of the total value of products and receipts for contract work represented receipts for contract work. These sub-branches, combined under the general heading of "embroideries - other than Schiffli machine products," showed an overall percentage of about 79 percent in receipts for contract work.

^{1/} In addition to stamped art goods, most of the larger establishments produce yarns and threads for art needlework, a term applied to the processing of stamped art goods or yarns by the ultimate consumer for her own use or as gifts.

Table 2.—Regular and Contract Factories in the Embroideries Industry, by Branches, 1937 and 1939

	All branches	Schiffli machine products a/	Embroideries— other than Schiffli products		Trimmings, and stamped art goods	
			Regular	Contract	Regular	Contract
			<u>1939</u>			
Number of establishments	1,431	398	54	357	227	395
Wage earners	17,828	3,750	608	4,189	3,728	5,553
Wages	\$15,566,967	\$ 3,247,549	\$ 304,561	\$3,323,654	\$ 3,152,643	\$ 5,338,560
Value of products and receipts for contract work	\$62,677,155	\$14,121,853	\$1,666,181	\$8,220,437	\$26,138,877	\$12,509,807
			<u>1937</u>			
Number of establishments	1,068	271	47	267	200	283
Wage earners b/	14,592	2,757	548	3,394	3,765	4,128
Wages	\$12,710,832	\$ 2,416,711	\$ 459,068	\$2,858,660	\$ 3,106,282	\$ 3,370,161
Value of products and receipts for contract work	\$52,123,443	\$10,188,523	\$1,631,747	\$6,956,166	\$24,500,469	\$ 8,846,538
			<u>Percentages of increase</u>			
Number of establishments	34.0	46.9	14.9	33.7	13.5	39.6
Wage earners	22.2	36.0	10.9	23.4	-1.0	34.5
Wages	22.5	34.4	9.9	16.3	1.5	37.9
Value of products and receipts for contract work	20.2	38.6	3.3	18.2	6.7	41.4

Source: Census of Manufactures.

a/ No breakdown was reported by regular and contract factories for Schiffli machine products.

b/ The Census of Manufactures for 1939 was the first year for which figures were obtained for distribution, construction and other employees at the plant in addition to manufacturing employees. It is not known how many of the wage earners reported as engaged in manufacturing during 1937 and prior years were actually engaged in distribution and other activities. The data on wage earners are therefore not strictly comparable with those of other censuses.

Table 3.—Value of Products in Regular Factories and Receipts of Contract Factories in the Embroideries Industry, by Major Products, 1937 and 1939

Product	1939		1937	
	Amount	Percent	Amount	Percent
Total	\$52,333,875^a	100.0	\$52,813,108	100.0
Schiffli machine products, total	13,590,504	100.0	9,597,339	100.0
Value of products in regular factories	b/	b/	5,032,836	52.5
Receipts for contract work	5/	5/	4,554,503	47.5
Other than Schiffli machine embroideries, c/ total	10,743,563	100.0	9,642,768	100.0
Value of products in regular factories	2,269,185	21.3	2,475,696	25.7
Receipts for contract work	8,454,378	78.7	7,166,872	74.3
Bonnaz and Cornely	6,119,012	100.0	4,649,074	100.0
Value of products in regular factories	777,836	12.7	459,979	9.9
Receipts for contract work	5,341,176	87.3	4,189,095	90.1
Other embroideries, except Schiffli d/	4,624,551	100.0	4,993,694	100.0
Value of products in regular factories	1,511,349	32.7	2,015,917	40.0
Receipts for contract work	3,113,202	67.3	2,977,777	59.6
Tucking, pleating and hemstitching, total	9,130,359	100.0	6,638,748	100.0
Value of products in regular factories	520,303	5.7	378,323	5.7
Receipts for contract work	8,610,056	94.3	6,260,425	94.3
Trimmings, total	10,230,246	100.0	8,640,322	100.0
Value of products in regular factories	8,231,606	80.5	7,266,917	84.1
Receipts for contract work	1,998,640	19.5	1,373,405	15.9
Bias bindings, total	11,030,599	100.0	10,485,812	100.0
Value of products in regular factories	10,130,518	91.8	9,959,229	95.0
Receipts for contract work	900,081	8.2	526,583	5.0
Stamped art goods, total	5,404,484	100.0	5,729,008	100.0
Value of products in regular factories	5,168,693	96.0	5,651,445	98.6
Receipts for contract work	235,791	4.0	77,563	1.4
Other embroidery and trimming products, total	2,104,120	100.0	2,089,021	100.0
Value of products in regular factories	1,479,636	70.3	1,413,710	67.7
Receipts for contract work	624,484	29.7	675,311	32.3

Source: Census of Manufactures.

a/ Aggregate value of embroideries produced, including embroideries made as secondary products in other industries.

b/ No data available.

c/ Principally Bonnaz, hand-machine and hand embroidery.

d/ Principally hand and hand-machine embroidery.

(10,664)

Trimmings and bias bindings, on the other hand, showed an overwhelming percentage of production, ranging from 80 to 90 percent, in regular factories. Bias bindings firms to a very limited degree, and trimming shops to a more appreciable extent, process some materials furnished by manufacturers of other products on a contract basis when the bindings, pipings or passementeries must match these products. Stamped art goods are produced almost exclusively in regular shops.

Table 4 shows the distribution of establishments and wage earners in 1939 and the contrast between the number of wage earners employed in regular and in contract shops. No significant difference exists in the average number of wage earners employed in regular and in contract factories in the "embroideries - other than Schiffli machine products" branch of the industry as designated by the Census. Eighty-five percent of both contract and regular shops employ 20 wage earners or less per establishment. Fifty-six percent of the workers of regular establishments are employed in shops with 20 wage earners or less as compared with 51 percent for contract shops. Little difference was noted between regular and contract establishments by the average number of wage earners employed in the "trimmings or stamped art goods branch." About three-fourths of each type of establishment employed 20 wage earners or less. The Census for 1939 provides no breakdown for regular or contract establishments in the Schiffli branch of the industry.

Size of Establishment

Small firms predominate in most branches of the industry largely because of the relative ease of entering business. Family-owned and family-operated shops form the largest group in the Schiffli and Swiss hand-machine branches of the industry. Nor is it uncommon to find very small shops in some of the other branches, notably binding, piping and stitching, known as "bedroom shops," where the owner is the chief worker. In the majority of these shops the family itself usually provides the necessary labor. One or two additional workers may be employed at peak season.

The average number of wage earners per factory, as can be seen from Table 4, was between 12 and 13 employees in 1939. Only three percent of all establishments in the industry averaged more than 50 wage earners per plant. The relatively small size of many factories is evidenced by the fact that over two-fifths of the establishments employed five or less wage earners, but this group accounted for merely 11 percent of the wage earners. About 84 percent employed an average of 20 wage earners or less per establishment but accounted for less than half of all of the workers in the industry.

The Schiffli division, one of the most highly mechanized branches, employs an average of only nine wage earners per establishment, while the "trimmings and stamped art goods" division which includes tucking, pleating, stitching, etc., has an average of about 15 wage earners. More than half of all of the establishments in the Schiffli division employ less than six wage earners, whereas about one-third of the "trimmings and stamped art goods" firms employ five or less workers.

(10,664)

Table 4.—Distribution of Establishments and Wage Earners in the Embroideries Industry, by Size of Establishment and Division and by Regular and Contract Factories, 1939.

Establishments employing	Total for the industry			Schiffli e/			Embroideries—Other than Schiffli			Trimmings and Stamped Art Goods							
	Estab- lish- ments	Wage earners	Total	Estab- lish- ments	Wage earners	Total	Estab- lish- ments	Wage earners	Total	Estab- lish- ments	Wage earners	Total	Estab- lish- ments	Wage earners	Total		
Total	1,431	17,828	398	398	3,750	411	4,797	54	608	357	4,189	622	9,281	227	3,728	395	5,553
0	30	0	12	12	662	5	552	1	61	4	491	13	730	5	259	8	471
1-5	613	1,944	218	218	1,323	167	1,941	23	280	144	1,631	228	2,786	84	939	144	1,847
6-20	565	6,050	131	131	1,941	49	2,304	23	287	158	1,372	253	3,101	89	1,109	164	1,992
21-50	177	9,834	27	27	901	1	-	6	65	43	665	101	1,225	36	464	65	1,761
51-100	33		8	8	b/	1	-	1	-	7	b/	17	1,439	7	957	10	482
100-250	12		1	1	b/	-	-	-	-	1	-	10	-	6	-	4	-
251-500	1				b/	-	-	-	-	-	-	-	-	-	-	-	-
Percentages																	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
0	2.1	-	3.1	3.1	-	1.2	-	1.9	-	1.1	-	2.1	-	2.2	-	2.0	-
1-5	42.8	10.9	54.9	54.9	17.7	40.7	11.5	42.6	10.0	40.4	11.7	36.7	7.9	37.0	6.9	36.5	8.5
6-20	39.5	33.9	33.0	33.0	35.3	44.2	40.5	42.6	46.1	44.4	39.0	40.7	30.0	39.2	25.2	41.5	33.3
21-50	12.4		6.9	6.9	23.0	12.0		11.0	43.9	12.1	32.8	16.2	33.4	15.9	29.8	16.5	35.8
51-100	2.3		2.1	2.1	24.0	1.9	48.0	1.9	b/	2.0	15.9	2.7	13.2	3.1	12.4	2.5	13.7
101-250	.9		0/	0/	b/	0/	-	-	-	-	b/	1.6	15.5	2.6	25.7	1.0	8.7
251-500	0/							-	-	0/	-	-	-	-	-	-	-

Source: Summary Statistics for Establishments Grouped by Size as Measured by Number of Wage Earners - Census of Manufactures, 1939.

a/ The census provides no data on regular and contract establishments in the Schiffli branch of the industry.

b/ In cases where any figure for a size group cannot be given separately, without disclosing data for individual establishments, it has been combined with that for another group. The combined figure is underscored.

c/ Less than one-half of one percent.

(10664)

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Number of Wage Earners

The available data on wage earners cover only factory workers. The Census does not collect information on home workers who represent an overwhelming percentage of wage earners in the hand embroidery branch of the industry. Estimates on to the number of home workers in this industry vary widely. The available data on home work are presented in the special section on that subject. As shown in Table 1, the Census for 1939 reported an average of 17,828 wage earners and 1,949 salaried workers (other than salaried officers), a total of about 20,000 workers. In 1939, 3,750 wage earners were employed in Schiffli shops, 4,797 in "embroidery other than Schiffli" plants, and 9,281 in "trimmings and stamped art goods" establishments.

Manufacturers, trade associations and unions in the various branches of the industry, in response to inquiries by a member of the staff of the Wage and Hour Division, have estimated that at present there are approximately 4,000 wage earners in Schiffli factories, 1,500 in Swiss hand-machine shops, 10,000 in pleating, stitching, Bonnaz and hand embroidery factories, 2,500 in binding, piping and trimming establishments, and 400 or 500 in stamped art goods establishments, or a total of 18,500 wage earners, exclusive of home workers. This estimated total is almost identical with the Census data for the industry as a whole in 1939.

Regional Locations of the Embroideries Industry

The embroideries industry has always been concentrated in, or near, the centers of the women's apparel industry. As shown in Table 5, more than 81 percent of all establishments, employing 74 percent of the wage earners and salaried workers and accounting for nearly 70 percent of the value of products and receipts for contract work, were located in New York and New Jersey, according to Census of Manufactures data for 1939. With the exception of Illinois which had about four percent of the total number of establishments and six percent of the total number of workers, not more than four percent of the total number of establishments or workers were located in any one of the other 19 states in which the industry is carried on.

Although the Census coverage in 1939 was more extensive than in 1937, little change was recorded in the geographic distribution of establishments, the average number of workers employed, or the value of products. In 1937, 83 percent of the establishments, employing 74 percent of the wage earners and accounting for 73 percent of the value of products were located in New York and New Jersey.

Embroidery establishments in New Jersey are devoted almost exclusively to the production of Schiffli machine and Swiss hand-machine products. In 1939, concerns in New Jersey represented 82 percent of all of the Schiffli establishments in the United States and accounted for 74 percent of the wage earners and 76 percent of the value of products and receipts for contract work (Table 6).

Most of the establishments in "embroideries - other than Schiffli machine products" division of the industry are Bonnaz and hand embroidery concerns located mainly in New York. As shown in Table 7, approximately 69 percent of the establishments, employing 73 percent of the wage earners, and with almost 76 percent of the value of products were located in New York. The establishments located in New Jersey were almost exclusively hand-machine embroidery establishments.

(10,664)

Table 5.—Geographical Distribution of the Embroideries Industry, by States, Number of Establishments, Number of Employees and Value of Products, 1939.

Establishments	Total	California	Illinois	Massachusetts	Michigan	Missouri	New Jersey	New York	Ohio	Pennsylvania	Undistributed by States
Establishments	1,431	29	57	39	4	18	391	775	19	48	51 b/
Wage Earners	17,828	238	1,025	699	326	323	3,292	10,021	256	651	997
Salaried, distribution, construction and other employees	1,949	25	124	93	69	23	176	1,113	38	56	231
Value of products and receipts for contract work	\$62,677,155	\$682,674	\$4,056,935	\$2,765,106	\$2,430,012	\$1,080,892	\$11,739,683	\$31,758,619	\$626,862	\$2,093,533	\$5,442,839
Percentages											
Establishments	100.0	2.0	4.0	2.7	0.3	1.3	27.3	54.1	1.3	3.4	3.6
Wage Earners	100.0	1.3	5.7	3.9	1.8	1.8	18.5	56.3	1.4	3.7	5.6
Salaried, distribution, construction and other employees	100.0	1.3	6.4	4.8	3.5	1.2	9.0	57.1	1.9	2.9	11.9
Value of products and receipts for contract work	100.0	1.1	6.5	4.4	3.9	1.7	18.7	50.7	1.0	3.3	8.7

Source: Census of Manufactures, 1939.

a/ Not included in separate state figures are data for 2 establishments in California, 1 in Massachusetts, 2 in Michigan, 4 in Missouri, 4 in New Jersey and 2 in Ohio. Data for these establishments are included in the column headed "Undistributed by States."

b/ California, 2 establishments; Connecticut, 3; Indiana, 1; Iowa, 1; Maryland, 10; Massachusetts, 1; Michigan, 2; Minnesota, 4; Missouri, 4; Nebraska, 1; New Jersey 4; Ohio, 2; Oklahoma, 1; Oregon, 2; Tennessee, 1; Texas, 3; Virginia, 1; Washington, 3; Wisconsin, 5.

c/ Excludes salaried officers of corporations.

(10,664)

Table 6.—Schiffli Machine Products: Distribution of Establishments, Wage Earners and Value of Products and Receipts for Contract Work, by States, 1937 and 1939.

State	Establishments		Wage earners		Value of products and receipts for contract work	
	1939	1937	1939	1937	1939	1937
Total	398	271	3,750	2,757	\$14,121,853	\$10,179,523
New Jersey	327	219	2,772	1,951	10,777,329	7,867,134
New York	37	25	268	201	1,421,729	747,487
Other states	34	27	710	505	1,922,795	1,564,902
Pennsylvania	11	10	194	a/	384,891	a/
Illinois	8	7	236	a/	764,955	a/
California	5	1	35	a/	107,470	a/
All other	9 b/	9 c/	255	a/	665,479	a/
Percent						
New Jersey	82.2	80.8	74.0	70.8	76.3	77.3
New York	9.3	9.2	7.1	7.3	10.1	7.3
Other states	8.5	10.0	18.9	21.9	13.6	15.4

Source: Census of Manufactures

a/ Included in other states.

b/ Maryland, 3 establishments; Massachusetts, 1; Missouri, 2; Ohio, 2; Wisconsin, 1.

c/ Maryland, 3 establishments; Massachusetts, 3; Missouri, 2; Ohio, 1.

(10,664)

Table 7.--Embroideries--Other Than Schiffli Machine Products: Distribution of Establishments, Wage Earners and Value of Products and Receipts for Contract Work, by States, 1937 and 1939.

State	Establishments		Wage earners		Value of products and receipts for contract work	
	1939	1937	1939	1937	1939	1937
Total	411	314	4,797	3,942	\$5,906,618	\$3,587,913
New Jersey	42	34	313	400	542,048	687,653
New York	232	227	3,507	2,380	7,525,090	6,444,455
Other states	87	53	977	662	1,839,430	1,455,801
Illinois	20	15	267	b/	543,277	b/
Pennsylvania	16	8	212	b/	349,776	b/
Massachusetts	11	8	123	b/	247,351	b/
California	10	3	53	b/	126,786	b/
Ohio	10	7	109	b/	178,362	b/
Missouri	3	6	137	b/	207,292	b/
Kentucky	--	1	--	b/	----	b/
Other states	12	--	71	b/	186,136	b/
New Jersey	10.2	10.3	6.5	10.1	5.5	8.0
New York	58.6	72.3	73.1	73.1	75.9	75.0
Other states	21.2	16.9	20.4	16.8	18.6	17.0

Source: Census of Manufacturers.

a/ Separate state data do not include figures for 2 establishments in California; 2 in Missouri; and 2 in New Jersey.

b/ No separate data available.

c/ California, 2 establishments; Connecticut, 1; Maryland, 1; Minnesota, 2; Michigan, 1; Missouri, 2; New Jersey, 2; Wisconsin, 1.

(10,664)

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New York is also the center of the production of "trimmings (not made in textile mills) and stamped art goods" (Table 8). ^{1/} In 1939, approximately three-fourths of the establishments in this division, employing about two-thirds of the wage earners and producing 59 percent of the value of the products were located in that state. The remaining 27 percent of establishments were located in 23 other states. These firms, however, produced 41 percent of the value of products. This is largely accounted for by the fact that a number of large binding, trimming and stamped art goods establishments are located outside New York.

No data are available on the number of trimming or the number of stamped art goods establishments as distinct from the combined Census grouping of "trimmings and stamped art goods" for 1939. A special tabulation of the 1937 data made available by the Bureau of the Census to the Wage and Hour Division showed that 146 binding and piping establishments were included in the 1937 data. Ninety of these factories were located in New York. Information recently obtained from representatives in the industry indicates that there are probably about 110 establishments in New York at the present time.

^{1/} This division also covers pleating and stitching, as well as bindings.

(10,664)

Table 8.— Trimmings (not made in textile mills) and Stamped Art Goods: Distribution of Establishments, Wage Earners and Value of Products and Receipts for Contract Work, by States, 1937 and 1939.

State	Establishments		Wage earners		Value of products and receipts for contract work	
	1939	1937	1939	1937	1939	1937
Total	622	486 ^{a/}	9,281	8,490	36,648,684	39,151,855
New York	456	370	6,246	5,811	22,311,800	24,624,504
Other states	166	116	3,035	2,679	15,336,884	14,507,351
Illinois	29	22	522	b/	2,748,703	b/
Massachusetts	23	17	571	b/	2,517,755	b/
New Jersey	22 ^{c/}	10	207	b/	420,306	b/
Pennsylvania	21	12	245	b/	1,358,866	b/
California	13	17	150	b/	448,413	b/
Missouri	10	9	186	b/	878,600	b/
Ohio	9	6	147	b/	448,000	b/
Michigan	4 ^{c/}	5	526	b/	2,430,012	b/
All other	30 ^{d/}	18 ^{e/}	671	b/	4,591,224	b/
Percent						
New York	73.3	76.1	67.3	63.4	59.0	62.9
Other states	26.7	23.9	32.7	31.6	41.0	37.1
Illinois	4.7	4.5	5.7	b/	7.1	b/
Massachusetts	4.5	3.5	6.2	b/	6.5	b/
New Jersey	3.5	2.1	2.2	b/	1.1	b/
Pennsylvania	3.4	2.5	2.8	b/	3.5	b/
California	2.1	3.5	1.6	b/	1.2	b/
All other	8.5	7.8	14.4	b/	21.6	b/

Source: Census of Manufactures

- ^{a/} 233 of these establishments produced tucking, pleating and hemstitching.
^{b/} Data not available.
^{c/} Separate state figures do not include data for two establishments in New Jersey, or for one in Michigan.
^{d/} Connecticut, 2 establishments; Indiana, 1; Iowa, 1; Maryland, 6; Michigan, 1; Minnesota, 2; Nebraska, 1; New Jersey, 2; Oklahoma, 1; Oregon, 2; Texas, 3; Tennessee, 1; Virginia, 1; Washington, 3; Wisconsin, 3.
^{e/} Maryland, 3; Minnesota, 3; Texas, 3; Wisconsin, 2; Connecticut, Tennessee, Virginia, Washington, Iowa, Nebraska, Oregon, 1 establishment each.

FACTORS PERTINENT TO THE DETERMINATION OF MINIMUM WAGES

Production Trends

For the past few years, the production and use of embroideries has experienced a marked upward swing. From interviews with representative manufacturers in the spring of 1942 it was learned that Swiss hand-machine embroidery factories have been working at an accelerated rate since the curtailment of imports from China, the Philippine Islands and Europe, and shipments from Puerto Rico. Schiffli machine establishments have begun to reproduce the embroidery on infants' dresses formerly performed by hand in the Philippine Islands. No consumer resistance has been noted because of the substitution. Stamped art goods establishments have likewise increased the volume of their business by about ten percent in the past year, largely because of the curtailment of partly embroidered gross point patterns formerly imported from China, Austria and France.

The apparel consultant of the Textile, Clothing, and Leather Division of the War Production Board in a recent address urged a group of fashion stylists in the women's apparel industry to give consideration to the government's conservation program of wool, rayon, and cotton textiles and its vital effects upon women's fashions.^{1/} If fabrics became more simplified, especially with the limitation in the use of dyes for prints, he felt the use of hand-work and embroideries might be the medium necessary to achieve individuality. Because of the restrictions on the use of other materials for bolts, buckles, buttons and similar decorative accessories, Bonnaz embroidery, stitching and hand embroidery are being used increasingly as substitutes. Since there is a limitation on the amount of materials that may be used for skirts, the pleating branch of the industry may be adversely affected by the conservation program. Dress manufacturers, however, are still having skirts pleated but the number of pleats and the depth of the inlays are restricted.

It seems rather remote to relate the embroideries industry directly to the war program. The war effort has, however, given impetus to certain branches of the industry. Chevrons, insignia and other emblems attached to military uniforms or outfits and for defense activities are largely produced on Schiffli machines. Insignia for officers' uniforms are hand embroidered. In addition, large quantities of bindings are being produced for gas masks, tents, nettings, loggings, blankets and uniforms.

Priorities and Restrictions in the Use of Materials

Because of national defense requirements, drastic restrictions have been placed on some materials utilized by the embroideries industry. Since the output of some commodities is at present insufficient to meet the total defense needs and existing civilian demand, prohibition and allocation of the use of certain commodities have been ordered by the War Production Board.

^{1/} H. Stanley Marcus, New York Times, February 18, 1942.

Priorities regulations apply to the distribution of rayon yarns. After government demands have been provided for, specified amounts are to be set aside for civilian demands. Beginning April 1, 1942, each producer set aside a specific part of his supply to be made available to domestic manufacturers of textile products to replace silk or nylon. Part of his supply is to be held by the producer for disposition according to specific allocations to be issued by the Director of Industry Operations. This necessarily limits the amount of rayons and rayon thread that will be available to the embroideries industry.

Under Order No. M-9(c) of the War Production Board, effective March 31, 1942, covering copper and copper base alloys, the manufacture of brass nailheads is prohibited. Inventories of nailheads have been frozen, the War Production Board having ruled that stocks on hand cannot be utilized.

The use of gilt braids which usually have an aluminum base has been restricted. There has also been restriction in the use of most dyes, but dyes of silk threads have been using substitutes or limiting colors to dyes which have not been restricted. Instead of matching colored threads for embroidery, there has been a tendency to contrast colors.

No legal restrictions have been placed on the use of cotton yarns and cotton fabrics. Limitation of the supply of these commodities is due primarily to the conversion of mills for the production of cotton goods for war purposes. Cotton yarns and textiles not required by the government may still be used for any purposes but only limited quantities of some items are available.

The war effort will undoubtedly have far-reaching effects on many of the items used in the creation of embellishments, and may entirely eliminate the use of various raw materials. Producers of embroidery, however, are very ingenious in the creation and utilization of new designs and materials. Restriction of certain materials will no doubt give rise to the development of new techniques, and the use of available substitutes.

Rise in Cost of Raw Materials

A wide variety of raw materials, mainly of domestic origin, are used in the production of embroideries. Beads, sequins, spangles, bullion threads and "Jap silk"^{1/} were formerly imported. The type of materials utilized, however, depends primarily upon the branch of the industry and upon the vagaries of style and fashion trends.

Domestic materials, consisting primarily of cotton and rayon threads and fabrics, although available, have increased sharply in price

^{1/} "Jap silk" is a trade term used to designate a background material which is later chemically obliterated.

because of heavy government demands for war purposes. Producers in the industry, and dealers in supplies utilized by the industry, reported increases ranging from 20 to 400 percent in the cost of raw materials and supplies within the past two years. During this period, the price of cotton thread rose from a range of \$1.25 to \$2.00 a pound, to a range of \$2.00 to \$3.05 a pound. Rayon threads advanced from \$1.25 to \$1.50 a pound, and wool yarns from \$1.75 to \$3.00 a pound. Tinsel thread increased in price from \$4 and \$6 to about \$15, soutache braids from 45 cents to \$1.25 and rattail cords, used largely for passementerie work, from 65 cents to \$1 a gross. Rayons costing 20 cents a yard advanced to 33 cents in 1942. Cotton print cloth used for bindings which cost 6 and 8 cents now costs 10 to 20 cents a yard. The price of needles for Schiffli machines rose from \$3.75 to \$5.25 a thousand and those for Swiss hand-machines from \$4.50 to \$18.00 a thousand. With the exception of nailheads, manufacturers interviewed have, so far, been able to obtain most of the materials and supplies required, though at times there has been delay in delivery.

A sufficient supply of imported items is still available, many manufacturers and jobbers having built up their inventories in anticipation of cessation of imports from abroad. Large quantities of embroidery materials were imported soon after France entered the war. There is, however, a shortage of "Jap silk" used as a base material for Schiffli laces. If Schiffli laces continue to be made, "London Aetz" a chemically treated substitute produced in this country may have to be used. This highly inflammable product is now being perfected in an effort to make it less of a fire hazard.

General Maximum Price Regulations

General price increases have become a threat to the efficient operation of our economy. In order to avoid inflationary rises, authority was vested in the Price Administrator by the Emergency Price Control Act of 1942 to establish maximum prices for commodities and services. Under this authority the Administrator issued General Maximum Price Regulations. Section 1(a) of the General Maximum Price Regulations, Bulletin No. 1, April 28, 1942, provides that no person in the course of trade or business shall sell or deliver any commodity or service at a price higher than the maximum price permitted by this Regulation. These provisions, which become effective May 11, 1942, are applicable to the embroideries industry.

Except as otherwise provided, the maximum price shall be the highest price charged during March, 1942 for the same or similar commodities or services, or the commodity or service most nearly like it. In cases in which the same or similar commodity was not dealt in during March, 1942, the highest price charged during that month by the most closely competitive seller in the same class shall prevail.

A commodity is assumed to be "similar" to another commodity if the first has the same use as the second, affords the purchaser generally equivalent serviceability, and belongs to a type which would ordinarily be sold in the same price line. In determining similarity, differences

merely in style or design which do not substantially affect use or serviceability, or the price line in which such a commodity would ordinarily have been sold, shall not be taken into account.^{1/}

When the maximum price for a commodity cannot be established under Section 2 of the Regulation, the price is to be determined in accordance with Section 3(b), which states that the maximum price shall be a price determined after specific authorization from the Office of Price Administration. This price shall be subject to adjustment at any time by the Office of Price Administration.

Some Competitive Aspects of the Industry

Competition within the industry

Because of the relative ease of entry into most branches of the industry shops are usually small and are frequently family-operated. These factors account for a high rate of turnover. In their struggle for existence, competition is exceedingly keen. As a result, prices are often depressed and labor standards lowered, and manufacturers who attempt to maintain fair labor standards are placed at a competitive disadvantage.

In an industry in which about 75 percent of the establishments are contract shops, little capital investment is required for entrance into business. A few hundred dollars for the purchase of machinery and other incidental equipment is the major capital outlay, little capital being required for material. Threads and yarns can be obtained on credit as needed, and at times are provided by the jobber or contractor for whom work may be sub-contracted. Shops are usually established in the least desirable lots at low rentals. Besides producers who operate shops, several hundred distributors have no established places of business, utilizing home workers as their sole employees. Practically no capital is required for the latter type of business.

The most costly investments for machinery and equipment are required in the Schiffli branch of the industry. An initial payment, however, of \$500 can effectuate the purchase of one of these machines. Since the expense of installation of this machine is costly, it is customary for machines to be sold together with the shop. Ownership of shops may have shifted in recent years, but the location and number of establishments has remained fairly stationary. Used machines which could be procured for \$2,500 in 1940 now command \$5,000 to \$6,000. Expansion in this branch of the industry is now limited by the cessation of imports of the machines which are manufactured exclusively in Germany and Switzerland.

Practically no new shops have been established in the Swiss hand-machine embroidery division of the industry within the past two years. Hand-machine embroidery has been largely superseded by the high-speed, automatic, power-driven Schiffli machine products. The use of hand-machine

^{1/} The General Maximum Price Regulation, Bulletin No. 1, April 28, 1942, Office of Price Administration, Sections 2(a) and 2(b).

embroidery is restricted almost exclusively to the embroidery of handkerchiefs, art linens and children's apparel. These hand-operated machines are readily available at a comparatively low cost. Two years ago used machines could be purchased for about \$100, but the price now ranges from \$300 to \$500. Like the Schiffli machines, these machines are manufactured abroad, and no machines have been imported for many years.

A cash investment of \$500 to \$1,000 will equip a floating establishment. New combination pleating machines cost about \$875, but at present many used machines are obtainable at less than \$600. Steamboxes, when new, cost \$250 or more, fluting machines about \$90. A further investment of about \$100 will furnish the required tables and patterns with which to start. Floating manufacturers usually combine stitching and tucking with their operations. Machines essential for these processes can be purchased for a few hundred dollars, additional. Although capital investment for entrance into this branch of the industry is relatively low, distributors of equipment reported that few new factories have been established in the past few years.

Some of the optional equipment in the bindings branch of the industry is expensive, a multiple-knife cutting machine costing about \$3,000. Entrance into this branch, however, also requires little initial investment. The Lever bias binding machine, one of the most important pieces of equipment, may be rented on a yardage basis at a minimum annual rental of \$450, payable on a monthly basis, (the minimum charge depends upon the units produced). This machine has simplified the production of bindings and has made production more economical by the saving of material. Additional equipment may be purchased for a few hundred dollars.

The fairly low cost of stitching, shirring and Bomaz machines, and the still lower cost of used machines, permits the entry into this branch by the investment of a down payment of a few hundred dollars.

Equipment, consisting of simple machines and tools, is a minor cost in the establishment of stamped art goods plants. Practically all producers of stamped art goods are regular manufacturers who provide the basic materials. A limited number of large firms produce the bulk of all products in the stamped art goods industry, and relatively few new firms have entered the industry for some years.

Competition from sources outside continental United States

Foreign competition

The outbreak of the war has practically cut off the foreign sources of competition. Some branch of the industry, particularly Swiss hand-machine embroidery, have heretofore definitely felt the impact of shipments from Puerto Rico and imports from China and the Philippine Islands.

Although data on foreign imports are available for as late as September, 1941, no true comparison can be made between the value of

foreign imports and domestic production. The Bureau of Foreign and Domestic Commerce includes in the value of products figure for foreign imports the value of the garment or article on which the embroidery is performed. The Census of Manufactures, on the other hand, includes only the value of garments, articles or fabrics on which the embroidery is done in regular establishments. Receipts for contract work represent merely receipts for work, and do not include the value of the materials which make up the garment, article or fabric.

The value of imports of embroideries and embroidered articles for consumption, by major groups, including duty-free imports from the Philippine Islands, are shown in Table 9. (Shipments from Puerto Rico are shown in a separate table.) After a decline in 1938 and 1939 the value of imports rose in 1940 to within four percent of the value in 1937. Data from the Department of Commerce are not available for publication for the entire year of 1941. Comparison of the value of imports for the first nine months of 1940 and 1941 shows only a slight decrease for 1941.

It will be noted that imports of some types of embroideries have steadily declined. Embroideries with beads or spangles, largely imported from Europe, have practically ceased since the fall of France. On the other hand, ornamented wearing apparel showed relatively little fluctuation from 1937 to 1940. However, the value of wearing apparel imports from the Philippine Islands increased, whereas the value from other countries decreased during this period. In 1937, imports from the Philippine Islands accounted for 65 percent of ornamented wearing apparel and in 1940, 81 percent.

The value of imports of ornamented handkerchiefs increased from \$3,688,793 in 1937 to \$4,330,593 in 1940. The level of imports for the first nine months of 1940 and 1941 remained about the same.

About two-thirds of the total imports of embroidered articles of cotton, including wearing apparel, but excluding handkerchiefs, in 1937, were duty-free imports from the Philippine Islands (Table 10). After rising to 81 percent in 1938 these imports dropped to 76.1 percent in 1940. A comparison of imports for the first nine months of 1940 and 1941 shows a still further decline of about 5.5 percentage points in 1941.

During similar periods, imports of these same articles from China, which represented about 14 percent of the total imports in 1937, declined in 1938 but increased steadily thereafter until they represented about 17 percent of all imports in 1940. For the first nine months in 1941, imports from China had risen to almost one-quarter of all embroidered cotton imports. Except for Switzerland, imports from all other sources were negligible.

Value of imports of embroideries and embroidered articles or fabrics, other than cotton, but exclusive of handkerchiefs, are shown in Table 11. In 1940, about two-thirds of these imports came from China.

(10,664)

Table 9.— Value of Imports, for Consumption, of Embroideries and Embroidered Articles, 1937 to 1941 ^{a/}

Product	1937	1938	1939	1940 ^{b/}	January to September 1940 ^{b/}	January to September 1941 ^{b/}
Total	\$16,097,246	\$14,846,853	\$14,211,237	\$15,462,768	\$9,912,674	\$9,574,126
Embroideries and articles embroidered (except handkerchiefs and apparel)	5,549,573	4,099,484	4,281,887	4,633,530	3,151,210	3,519,504
With beads, bugles or spangles	46,976	52,125	32,408	9,929	9,750	863
Other	5,502,597	3,987,359	4,249,479	4,623,601	3,141,480	3,518,641
Wearing apparel ^{c/} ornamented with embroidery, lace, etc. not elsewhere specified	6,853,830	7,008,770	7,314,956	6,498,645	4,401,432	3,595,725
Products of Philippine Islands	4,439,017	5,703,249	5,899,894	5,238,419	3,508,358	2,838,959
Other	2,419,863	1,305,521	1,415,057	1,260,226	893,075	756,766
Handkerchiefs, ornamented with embroidery, drawn work, or lace (including those with hand rolled hems)	2,688,793	2,798,592	2,614,494	4,330,593	2,360,031	2,458,897

Source: Compiled from official statistics of the U. S. Department of Commerce.

^{a/} Shipments from Puerto Rico are not included.

^{b/} Preliminary.

^{c/} Excluding hats and bonnets, and corsets and brassieres.

(10,664)

Table 10.—Value of Imports of Embroideries, Embroidered Articles or Fabrics of Cotton, ^{a/}
By Country of Origin, 1937 to 1941

Country of origin	1937	1938	1939	1940 ^{b/}	January to September 1940 ^{b/}	January to September 1941 ^{b/}
Total	\$6,549,615	\$7,432,033	\$7,905,212	\$7,156,717	\$4,848,674	\$4,257,727
Philippine Islands ^{c/}	4,432,781	6,018,556	6,271,171	5,447,731	3,656,129	2,963,937
China	894,990	672,934	924,059	1,208,734	781,521	992,176
Switzerland	443,931	290,904	321,375	264,240	211,502	147,642
Japan	148,957	61,029	53,023	48,672	98,141	293
Azores and Madeira Islands	106,489	57,893	59,042	64,364	44,786	81,236
France	170,938	128,164	161,281	86,777	30,500	22,863
Other countries	351,629	205,553	115,281	36,202	33,995	29,580
Total	100.0	100.0	100.0	100.0	100.0	100.0
Philippine Islands ^{c/}	67.7	81.0	79.3	76.1	75.5	70.1
China	13.7	9.1	11.7	16.9	16.1	23.3
Switzerland	6.8	3.9	4.1	3.7	4.4	3.5
Japan	2.3	0.8	0.7	0.7	1.8	3/
Azores and Madeira Islands	1.6	0.7	0.7	0.9	0.9	1.9
France	2.6	1.7	2.0	1.2	0.6	0.5
Other countries	5.3	2.8	1.5	0.5	0.7	0.7

Percent of total

Source: U. S. Bureau of Foreign and Domestic Commerce, Foreign Commerce and Navigation of the U. S.

^{a/} Excluding handkerchiefs, but including wearing apparel.

^{b/} Preliminary.

^{c/} Duty-free shipments.

^{d/} Less than 0.05 percent.

(10,664)

Table 11.—Value of Imports, for Consumption, of
Embroideries, Embroidered Articles or
Fabrics, Other than Cotton, by Specified
Countries, 1938 and 1940. ^{a/}

Country of origin	1940 ^{b/}	1938
Total	\$3,420,245	\$3,075,344
China	2,271,724	1,723,904
Japan	195,957	338,983
Azores and Madeira Islands	445,668	289,435
France	85,793	188,159
Italy	54,347	166,257
Canary Islands	110,262	163,066
Philippine Islands ^{c/}	179,998	60,563
United Kingdom	21,183	23,510
Other countries	55,313	122,467

Source: Compiled from official statistics of the U. S. Department of Commerce.

^{a/} These imports include articles of linen, silk, rayon, wool and metal. They exclude handkerchiefs, but include apparel and wool imports from Iran and Turkey which consist almost entirely of rugs.

^{b/} Preliminary

^{c/} Duty-free shipments.

(10,664)

Imports from the Philippine Islands and from China compete normally, to some extent, with Schiffli machine products, and more extensively with Swiss hand-machine embroidery produced in continental United States. Since the United States entered the war, these sources of import competition have been practically eliminated. By special arrangements between the United Nations and the Axis Powers, the Swiss government has been granted the privilege of using shipping facilities for the transport of a limited type and quantity of materials and products. A small amount of embroidered materials are therefore being imported from this source.

Shipments from Puerto Rico

The wage order for embroideries produced in continental United States does not apply to Puerto Rico. A special industry committee to determine wage rates for Puerto Rico, after investigating conditions on the island, made separate recommendations for minimum wage rates in the needlework industries. These recommendations became effective on December 2, 1940. Those which affect the embroideries industry range from a minimum of 12½ cents an hour for hand sewing, including various forms of embroidery on handkerchiefs and household art linen, cotton underwear, rayon or other synthetic fibre, and infants' and children's wear, to 15 cents an hour for similar operations on silk underwear. The wage rate for all other operations on these articles and on wearing apparel and accessories, whether made by hand or machine embroidered, was set at a minimum of 20 cents an hour.

Most of the apparel and other articles shipped from Puerto Rico contain some form of hand embroidery. Like all other imports and shipments, the value of the entire garments or articles is known, but no data are available on the value of the embroidery alone.

In 1937, before the effective date of the Fair Labor Standards Act in October, 1938, the total value of shipments from Puerto Rico of all needlework which probably contained some form of embroidery was about \$15,300,000 (Table 12). During 1938, a depression year, the value dropped to less than \$12,000,000. In 1939, shipments rose to about \$14,400,000. Manufacturers and jobbers apparently were able to underbid continental concerns and production in the needlework industries increased. In 1940, shipments dropped abruptly. This decline was largely attributed to the unwillingness of manufacturers to produce in Puerto Rico at the statutory minimum.

The production of some articles, such as art linens, ceased completely. Shipments of women's apparel of all fabrics, including dresses, underwear, children's dresses and nightwear, which were valued at more than \$12,500,000 in 1937, fell to approximately one-third that amount by 1940. The decline in the quantity of articles shipped was even more severe. Over a million dozens of cotton nightgowns and pajamas were shipped in 1937. By 1940, the quantity had dropped to less than a quarter of a million dozens. Shipments of cotton dresses, skirts and waists declined from about 359,000 dozens in 1937 to only about 7,900

Table 12.—Shipments of Selected Items of Needlework a/ from Puerto Rico to the United States, 1937 to 1941.

Products	Quantity in dozens						Value					
	1937	1938	1939	1940b/	Jan.-Sept. 1940 b/	Jan.-Sept. 1941b/	1937	1938	1939	1940 b/	Jan.-Sept. 1940 b/	Jan.-Sept. 1941b/
Total, all needlework							\$15,286,857	\$11,919,055	\$14,394,469	\$8,878,532	\$7,569,765	\$5,207,939
<u>Cotton Manufactures, total</u>							13,676,425	8,741,355	7,299,897	4,811,949	3,741,553	2,793,962
Dresses, skirts, waists	359,056	149,304	20,793	7,879	7,474	6,675	2,778,686	1,363,753	268,892	206,633	201,429	172,104
Underwear	195,385	113,689	141,539	172,834	166,615	89,606	951,288	542,145	635,698	602,161	583,516	296,557
Children's dresses	569,459	330,617	512,246	340,586	335,830	125,301	2,342,590	1,270,117	1,648,218	918,552	903,737	514,127
Nightgowns and pajamas	1,182,392	684,947	418,013	244,350	—	—	5,428,416	3,362,732	1,476,771	872,338	—	—
Handkerchiefs	2,154,658	2,528,073	3,686,113	2,702,860	2,553,689	1,739,787	1,591,135	2,012,613	2,892,772	2,212,265	2,052,876	1,816,194
Bridge sets	4,462	5,011	3,448	—	—	—	18,498	56,913	13,040	—	—	—
Luncheon cloths, scarfs, etc.	11,199	811	4,413	—	—	—	50,443	1,160	15,911	—	—	—
Towels	18,203	1,987	3,912	—	—	—	32,898	2,548	13,872	—	—	—
Sheets and pillow cases	117,551	34,665	112,035	—	—	—	399,653	104,479	271,879	—	—	—
Other	—	—	—	—	—	—	74,813	19,895	62,844	—	—	—
<u>Linen Manufactures, total</u>							547,110	1,147,737	4,037,672	2,391,442	2,252,861	1,573,161
Wearing Apparel	—	—	—	—	—	—	22,108	10,510	2,262	1,037	957	2,134
Handkerchiefs	319,463	473,660	2,860,925	1,907,805	1,729,786	1,053,847	473,618	1,080,853	3,552,819	2,390,405	2,251,904	1,570,977
Bridge sets	5,120	274	30,249	—	—	—	33,255	3,330	144,905	—	—	—
Luncheon cloths, scarfs, etc.	2	1,331	49,632	—	—	—	12	4,926	197,222	—	—	—
Other	—	—	—	—	—	—	10,117	48,116	140,464	—	—	—
<u>Silk Manufactures, total</u>							1,063,322	2,029,963	3,016,509	1,671,641	1,571,846	919,796
Dresses	27,179	3,010	1,787	1,839	1,745	1,917	420,102	107,563	74,320	66,793	62,837	66,336
Blouses	—	26,350	16,516	12,258	11,264	8,811	—	542,974	336,606	261,722	247,507	166,169
Underwear	55,161	81,475	121,543	64,915	60,502	32,311	600,953	1,213,022	2,427,753	1,343,126	1,261,502	683,291
Other	—	—	—	—	—	—	42,267	166,404	177,830	—	—	—
<u>Miscellaneous, total</u>												
Palm beach handkerchiefs	—	—	—	1,006	1,006	—	—	—	40,391	3,500	3,500	—
Rayon handkerchiefs	—	—	2,310	—	—	—	—	—	—	3,500	—	—
Rayon manufactures	—	—	—	—	—	—	—	—	4,596	—	—	—
	—	—	—	—	—	—	—	—	35,795	—	—	—

Source: Compiled from official statistics of the U. S. Department of Commerce.

a/ All items may possibly include some embroidery work.

b/ Preliminary.

dozens in 1940, while silk dresses fell from about 27,000 dozens to less than 2,000 dozens during the same period. On the other hand, handkerchiefs of cotton and linen, which represented about 13 percent of the total value of shipments in 1937, more than tripled in value by 1939. Handkerchiefs represented over 50 percent of the value of all shipments in 1940 (Table 12).

More recent data for the first nine months of 1941 show a further sharp decline in the value of shipments. Handkerchiefs continued to constitute the most important item of trade, representing 64 percent of the value of all shipments.

In terms of value of product and quantity, shipments of children's dresses experienced a sharp decrease from 1937 to 1941. A comparison of the first nine months of 1940 with the same period in 1941 shows a decline in shipments of about 43 percent by value, and 63 percent by quantity.

Reports from a territorial representative in Puerto Rico ^{1/} indicate that the bulk of the needle work done on the Island is in the handkerchief branch, and that hand rolling is practically the only operation performed. Formerly, the initialing of handkerchiefs was done in substantial quantities, but most of this type of work was later diverted to China.

Recently a considerable proportion of handkerchiefs have been machine-rolled by blind-stitch machines, but the corners still have to be hand-rolled. One large firm has patented a machine which makes highly satisfactory machine-rolled edges, even turning corners which are definitely in the class of the hand-made article. As late as March, 1941, machines of this type were not in use in Puerto Rico but plans for their use were being made.

Producers of hand, Swiss hand-machine, and Schiffli embroidery on the mainland have always maintained that they have met with unfair competition as a result of these shipments, produced by low-paid and underpaid workers. For the past year or more, however, Schiffli and Swiss hand-machine manufacturers have benefited by the general reduction in shipments from Puerto Rico and imports from other countries, mainly China and the Philippine Islands. Hand-machine embroiderers are now working on a much fuller schedule, primarily on handkerchiefs, but to some extent on children's wear, while Schiffli machine producers are busily engaged in the embroidery of underwear. The latter establishments are also beginning to produce types of embroidery on infants' dresses formerly done by hand in the Philippine Islands and elsewhere.

^{1/} Report to the Administrator from Samuel Miller, Acting Assistant Territorial Representative of the Wage and Hour Division in Puerto Rico, March 17, 1941.

Learners

Section 14 of the Fair Labor Standards Act provides for sub-minimum rates for learners under certain conditions and under prescribed limitations. Prior to May 1941, however, no applications were received by the Wage and Hour Division for learner certificates in any branch of the embroidery industry. In May 1941, a series of informal conferences were held to determine the needs for learners in some industry divisions. In branches where union agreements provided for learning periods at specified wage levels, at or above the minimum wage order, no certificates were necessary to employ learners. After conferences with the association of hand-machine embroiderers of Passaic, New Jersey, provisions were made for the employment of two learners, for a period of six weeks' duration, within six months, in any one establishment in this area. All other applications from the embroidery industry are determined on their own merits and particular circumstances.

Learner certificates are not granted for jobs requiring little skill or a short training period of 120 hours or less. Nor does the Division authorize employment of learners at sub-minimum wages for short peak season work.

The impact of the war program has aggravated the labor supply in only limited areas of the country producing embroideries. War industries that might possibly drain the type of labor supply utilized in the industry have not developed to any considerable extent in New York City, the most important center in the production of embroideries. In Northern New Jersey, however, war industries have attracted some workers from the Schiffli and Swiss hand-machine branches of the industry, and limited the potential labor reserve. The result has been a general increase in the wage level as a means of retaining the employees in these lower wage scale branches of the industry. Since relatively few learners in these divisions will accept employment at less than the prevailing minimum wage rate, few employers have recently applied for learner certificates or for renewals of previous certificates.

From May, 1941, to May 1942, requests for learner certificates were received from 87 establishments in the embroidery industry, located in 12 states. When experienced workers are available in occupations for which learners are requested, certificates are denied. For this reason, no applications were approved for firms in Chicago or New York City, from which about one-third of the requests were received. Forty-five of the 87 applications for certificates were denied. At present, 16 are pending.

The problem of learners in the industry is far from pressing, as evidenced by the fact that certificates were granted to only 26 firms, located in seven states, ^{1/} employing a total of 600 plant workers. ^{2/}

^{1/} Massachusetts, Michigan, Missouri, New Jersey, Pennsylvania, Rhode Island and Wisconsin.

^{2/} This total includes one plant which employed 200 factory workers.

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^{1/} Report to the Administrator from Samuel Miller, Acting Assistant Territorial Representative of the Wage and Hour Division in Puerto Rico, March 17, 1941.

Learners

Section 14 of the Fair Labor Standards Act provides for sub-minimum rates for learners under certain conditions and under prescribed limitations. Prior to May 1941, however, no applications were received by the Wage and Hour Division for learner certificates in any branch of the embroideries industry. In May 1941, a series of informal conferences were held to determine the needs for learners in some industry divisions. In branches where union agreements provided for learning periods at specified wage levels, at or above the minimum wage order, no certificates were necessary to employ learners. After conferences with the association of hand-machine embroiderers of Passaic, New Jersey, provisions were made for the employment of two learners, for a period of six weeks' duration, within six months, in any one establishment in this area. All other applications from the embroideries industry are determined on their own merits and particular circumstances.

Learner certificates are not granted for jobs requiring little skill or a short training period of 120 hours or less. For does the Division authorize employment of learners at sub-minimum wages for short peak season work.

The impact of the war program has aggravated the labor supply in only limited areas of the country producing embroideries. War industries that might possibly drain the type of labor supply utilized in the industry have not developed to any considerable extent in New York City, the most important center in the production of embroideries. In Northern New Jersey, however, war industries have attracted some workers from the Schiffli and Swiss hand-machine branches of the industry, and limited the potential labor reserve. The result has been a general increase in the wage level as a means of retaining the employees in these lower wage scale branches of the industry. Since relatively few learners in these divisions will accept employment at less than the prevailing minimum wage rate, few employers have recently applied for learner certificates or for renewals of previous certificates.

From May, 1941, to May 1942, requests for learner certificates were received from 87 establishments in the embroideries industry, located in 12 states. When experienced workers are available in occupations for which learners are requested, certificates are denied. For this reason, no applications were approved for firms in Chicago or New York City, from which about one-third of the requests were received. Forty-five of the 87 applications for certificates were denied. At present, 13 are pending.

The problem of learners in the industry is far from pressing, as evidenced by the fact that certificates were granted to only 26 firms, located in seven states, ^{1/} employing a total of 600 plant workers. ^{2/}

^{1/} Massachusetts, Michigan, Missouri, New Jersey, Pennsylvania, Rhode Island and Wisconsin.

^{2/} This total includes one plant which employed 200 factory workers.

At no time during the year in which applications were filed were more than 83 learners employed. Eighteen firms located in Northern New Jersey were authorized to employ a maximum of 43 learners. More than half of all of the certificates were granted to firms in the Swiss hand-machine embroidery branch for the training of spanners' helpers, and a few to firms in the Bonnaz and stitching branch as well as to firms producing other types of embroidery. Ten firms did not request renewal of their certificates.

Altogether, the number of plants employing learners at rates below the minimum wage order and the number of learners for whom certificates were issued represent an insignificant fraction of the 1,431 establishments or the more than 17,000 plant workers reported in the Census of 1939.

Home Work

Extent of home work

Estimates of the number of home workers in the embroideries industry vary widely and it has been difficult to obtain even a tentative estimate of the exact number in the industry. The very nature of home work employment makes compilation of accurate data difficult. Until very recently no official statistics on its extent were compiled. Since enforcement of the Fair Labor Standards Act and the recent enactment and enforcement of state home work laws, some estimates of the amount of home work are available.

The most significant information is based on the Wage and Hour Division records of the distribution of home work handbooks and case inspections. Regulations of the Wage and Hour Division require that employers of home workers furnish each home worker with a handbook which must be obtained from the Regional Office of the Division. In acknowledging receipt of these handbooks, employers are requested to indicate the maximum number of home workers employed at peak season, which provides a rough measure of the extent of home work. Undoubtedly these data reflect fewer than the actual number of home workers. Evidence of this understatement is disclosed by comparison of the maximum number of home workers employed by firms acknowledging receipt of handbooks with the number of home workers found on inspection.

Inspections of embroidery establishments employing home workers by the New York Regional Office of the Wage and Hour Division showed that fully three-fourths of the firms maintained no inside shops for production. These establishments are rarely reflected in statistical data. Few, if any, report to the Census, and many fail to apply for handbooks issued by the Wage and Hour Division or for state permits.

The types of operations ordinarily performed by home workers are not generally performed inside embroidery plants and consist almost exclusively of hand work. Sample makers are usually the only workers who perform similar operations in the plant.

Practically no home work exists in the bindings subdivision, and little in the Schiffli and Swiss hand-machine embroidery branches of the industry. Except for a limited number of home workers utilized solely

(10,664)

for the preparation of samples for display purposes and not for sale to the ultimate consumers, there is no home work in the stamped art goods division.

Embroidery produced by home workers covered by the embroideries industry definition is usually confined to areas within the immediate vicinity of centers of the women's apparel industry. Home workers are concentrated in a few states, the most important by far being New York, the national center of the embroideries industry.

Crochet bonding constitutes about 40 percent of all home work operations. Passamontorio operations, hand embroidery and various other operations, mainly cutting out of embroideries and laces and applique cutting represent about 20 percent each. ^{1/}

State laws and their effect on home work

In recent years, industries utilizing home workers have been affected by a number of new laws and regulations which severely restrict the use of home work. Among those which affect the embroideries industry are the New York, New Jersey and California laws.

The State of New Jersey, by statutory regulation effective October 27, 1941, has restricted the number of home workers to one-third the number of plant workers performing the same or similar operations. A license, with a fee of \$50 for the first year and graduated fees for subsequent years, is required for employers of home workers. A marked reduction in the number of home workers was noted immediately after the regulation went into effect. Those manufacturers who employed more than the quota had to reduce the number of their home workers to conform to the ratio required. Agents and distributors of home work ceased to function in that capacity unless they established shops and conformed to the quota requirements.

A recent report by the Department of Labor of New Jersey shows the extent of home work in that state for the period of six months from the effective date of the law. Licenses were issued to 34 embroidery establishments which indicated that they planned to employ a maximum of 219 home workers. The number of home workers ranged from one to 59 per establishment, but about two-thirds of the firms employed five or less home workers. Practically all of the operations involved the cutting out of embroidery, scallop cutting and applique cutting, common to the Schiffli and Swiss hand-machine embroidery industries.

In 1940, manufacturers estimated that about 700 home workers were employed on similar operations in New Jersey. From information obtained by a member of the staff of the Wage and Hour Division, many manufacturers, as a result of the law, brought all home work operations into the plant. Others brought some of their former home work operations into the shops, but continued the use of a limited number of home workers.

^{1/} Estimates by manufacturers and associations.

(10,664)

The enactment of the California Industrial Homework Act, effective September 19, 1939, which required the payment of a license fee, reduced the number of home workers utilized in that state. The number was further limited when Prohibitory Order No. 1, in the Garment Manufacturing Industry 1/ effective September, 1941, restricted the use of home workers to workers unable to adjust themselves to factory work because of age, physical or mental disability or whose services were needed for the care of an invalid in the home. Even immediately prior to the issuance of Prohibitory Order No. 1, home work in the embroidery industry was practically non-existent in California.

The overwhelming majority of home workers in the embroidery industry are located in New York City. New York state laws require that an employer secure an annual permit at fees ranging from \$25 to \$100, depending upon the number of home workers employed. The State Department of Labor classifies embroidery establishments on the basis of the product on which the embroidery is performed. No tabulation of the number of establishments or home workers directly engaged in the production of embroidery is, therefore, available from this source.

Two bills amending the New York labor laws, in relation to industrial home work, effective May 7, 1942, may have far-reaching effects on home work operations, particularly in the embroidery industry. 2/ The first makes it a legal presumption that industrial home workers are employees and not independent contractors, and the second outlaws "home work contractors and distributors" requiring that all industrial home work be distributed directly by the employers. The law requires that the owner of the materials shall, whenever home work is permitted, distribute directly to his home workers all materials and articles of home work. No employer shall give out any materials or articles for home work through any home work contractors or distributors.

Although it is too early to know the direct effects of these amendments, former distributors or agents will be faced with two alternatives if they do not wish to cease operating. They may establish shops of their own and bring their former home work operations into their own plants, or become employees of manufacturers on a salaried basis. Just how decisively the law will affect the embroidery industry will be determined by the classification of embroidery firms as manufacturers or contractors. The State Department of Labor has held that embroiderers who work on materials or articles furnished by other manufacturers are themselves manufacturers, if they add something of substantive value, as for example designs and other materials.

Homework data available from the records of the Wage and Hour Division

Data obtained from the records of the Wage and Hour Division show that a total of 321 firms, in nine states, acknowledged receipt of

1/ For the purpose of this order, the term "garments manufacturing" means and includes every process, either hand or machine, involved in the manufacture of any or all garments.

2/ Labor Law, sec. 350, subd. 2-h and sec. 354-a.

handbooks for home workers for the three-year period from April 1, 1939, when regulations first required their use, to May 1, 1942. As shown in Table 13, 45 percent of these establishments acknowledged receipt of handbooks in 1939. However, more than one-half of these firms failed subsequently to request additional handbooks. It may, perhaps, be assumed that these 83 firms, which reported a maximum number of 2,111 home workers at peak season, had discontinued the use of home work. In 1940, a marked drop was noted in the number of firms requesting handbooks for the first time. By 1941, requests for handbooks had doubled, largely as a result of a special enforcement drive.

For the last nine months of 1939, as shown in Table 14, employers indicated that they utilized about 3,700 home workers. Assuming that all employers who acknowledged receipt of handbooks in 1940 and 1941 had continued the use of home workers, it is estimated that by the end of 1941 about 200 establishments were employing a maximum of 3,350 home workers. More than three-fourths of these workers were reported by firms in New York. Data for 1942 are not indicative of the utilization of home workers, for they show acknowledgements for only the first four months of the year which are not representative months for the industry as a whole.

The number of home workers reported in these acknowledgements are undoubtedly understatements. Regulations of the Fair Labor Standards Act do not require that an employer acknowledge receipt of handbooks. A comparison of the number of firms to whom handbooks were issued with acknowledgement of receipts for all industries showed that approximately 25 percent failed to acknowledge receipt of handbooks.

Widespread violations of the home work regulations apparently prevail in the industry. Representatives of the Platers, Stitchers, and Embroiderers Association and of the National Hand Embroidery and Novelty Manufacturers Association, with membership in New York, estimate that a minimum of approximately 600 to 700 firms producing hand embroidery in New York City utilize home workers.

Inspections by the Wage and Hour Division of 182 embroidery firms in New York City showed that 2,000 home workers were utilized at the time when inspections were made, from May, 1941, to May 1942. During this period firms were inspected out of season as well as in season so that the number would not necessarily represent the maximum number of home workers employed by these firms. Two-thirds of the establishments investigated were distributors and agents with no inside production. The fifty-odd inside shops which included some of the largest establishments in the industry employed 1,993 factory workers. Following inspection, approximately 10 percent of the concerns discontinued home work. Some inside shops adjusted their production to include former home work operations and a few distributors opened factories. Only one or two distributors ceased operating.

Approximately one-third of all of the home workers inspected were crochet beaders, whose average earnings were about 50 cents an hour. Average hourly earnings for all other home workers ranged from about 12 to 30 cents an hour, with an over-all average of about 20 cents.

Table 13. — Firms in the Embroideries Industry Which Acknowledged Receipt of Home Work Handbooks, Classified by Dates of Their Requests, and by States, from April 1, 1939 to May 1, 1942

State	Total number of firms	Firms which first requested handbooks in 1939 a/										Firms which first requested handbooks in 1940				Firms which first requested handbooks in 1941		Firms which requested handbooks in 1942	
		Total handbooks	Subsequent requests in								Total handbooks	No sub-sequent requests for	Subsequent requests in		Total handbooks	Sub-sequent requests in			
			1940	1941	1942	1943	1944	1945	1946	1947			1941	1942					
Total	321	142	83	22	13	-	17	2	4	1	54	38	11	2	3	112	103	9	13
New York	188	69	45	5	6	-	8	2	3	-	29	19	7	-	3	79	72	7	11
New Jersey	97	50	26	12	4	-	7	-	-	1	21	16	4	1	-	24	22	2	2
Pennsylvania	14	8	5	2	-	-	-	-	-	1	2	2	-	-	-	4	4	-	-
Illinois	8	8	4	3	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Massachusetts	5	2	-	-	-	-	1	-	-	-	1	1	-	-	-	2	2	-	-
Missouri	5	1	-	-	-	-	1	-	-	-	1	-	-	1	-	3	3	-	-
Maryland	2	2	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
California	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ohio	1	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

a/ Regulations requiring the use of home work handbooks became effective April 1, 1939.

Table 14. — Number of Establishments Which Acknowledged Receipt of Home Work Handbooks, and the Maximum Number of Home Workers Reported at Peak Season, April 1, 1939 to May 1, 1942

State	Total number of establish- ments for entire period	1939 a/			1940			1941			First four months of 1942		
		Number of establishments	Maximum number of home workers	Number of establishments	Maximum number of home workers	Number of establishments	Maximum number of home workers	Number of establishments	Maximum number of home workers	Number of establishments	Maximum number of home workers		
Total	321	142	3,694	96 b/	1,893	161 c/	3,349	31 d/	676				
New York	188	69	1,970	44	1,063	106	2,612	26	546				
New Jersey	97	50	984	41	598	40	478	6	47				
Pennsylvania	14	8	308	4	55	5	163	1	80				
Illinois	8	8	267	3	130	1	6	0	-				
Massachusetts	5	2	13	2	8	4	48	0	-				
Missouri	5	1	100	2	44	4	35	1	3				
Maryland	2	2	32	0	-	0	-	0	-				
California	1	1	8	0	-	1	7	0	-				
Ohio	1	1	12	0	-	0	-	0	-				

a/ Regulations requiring the use of home work handbooks became effective April 1, 1939.

b/ 42 of these firms, 20 in New Jersey and 15 in New York, had acknowledged receipt of handbooks in 1939.

c/ 49 of these firms, 16 in New Jersey and 27 in New York had acknowledged receipt of handbooks in previous years.

d/ 21 of these firms, 4 in New Jersey and 15 in New York had acknowledged receipt of handbooks in previous years.

Fully 90 percent of all of the firms inspected were found to be in non-compliance. In the case of crochet beading, where the minimum wage rate was widely observed, the principal violation pertained to overtime regulations.

According to estimates made by the associations early in 1942, there is a strong probability that at least 5,000 to 6,000 home workers in New York City are utilized in hand embroidery, crochet beading, passementerie, lace cutting and other operations covered by the embroideries industry definition. In addition, several hundred home workers are utilized in the stamped art goods branch in New York City. At present, probably less than 1,000 home workers are utilized by concerns in other sections of the United States covered by the embroideries industry definition.

Unionization and Union Wage Rates

The wage survey made in the embroideries industry by the Bureau of Labor Statistics in 1940 showed that the wide distribution in individual hourly earnings was not due solely to regional and product differences. The level of hourly earnings is generally higher in union than in non-union plants. The Bureau found, for example, that among planting and stitching establishments in New York City all but one of eight non-union plants with three or more employees averaged less than 55 cents an hour. On the other hand, only six of 106 union establishments having three or more workers had averages under 55 cents.

Union organization is most extensive in New York, Philadelphia, Chicago and other apparel centers. The International Ladies' Garment Workers' Union has agreements with planters, stitchers and embroiderers associations, as well as with individual companies, in eight cities. The Textile Workers Union of America, Local 252, has concluded agreements with the Bias Fabric Manufacturers Association and the Associated Bias Bindings Industries, Inc., as well as with individual firms in New York. A recently organized local, the Swiss Embroidery Workers Union affiliated with the United Hosiery Trades of New York, has agreements with individual manufacturers in the Swiss hand-machine branch of the industry located in New York City. No union contracts have been concluded with Schiffli or stamped art goods manufacturers. Agreements concluded by locals of the International Ladies' Garment Workers' Union cover about 90 percent of the organized factory workers in the industry throughout the United States.

Approximately half of the number of factory wage earners in the industry are organized. In New York City, the agreement between local 66 of the International Ladies' Garment Workers' Union and the Planters, Stitchers and Embroiderers Association covers approximately two-thirds of the 7,500 factory workers employed in the 350 firms comprising the Association. The other third represents mainly millholders, crochet beaders, hand-embroiderers and other factory workers. These 350 firms produce about 95 percent of the volume of business in their particular field in New York City. In addition, another Local of the International Ladies' Garment Workers' Union, the Knit Goods Workers Union, Local 155 of New York, has contractual relations with a small number of firms producing passementeries. These agreements cover approximately 500 workers.

(10,664)

Plants in the bindings and pipings branch of the industry are covered by agreements with Local 66 of the International Ladies' Garment Workers' Union and Local 252 of the Textile Workers Union. These two locals have organized approximately four-fifths of the 110 establishments in New York City. The unorganized workers, roughly estimated at about 150, are employed in the remaining establishments. Local 252 of the Textile Workers Union covers about 700 wage earners.

Relatively few Swiss hand-machine embroidery shops are located in New York City. However 12, of approximately 15, plants employing about 125 workers are covered by agreements.

A wide distribution of wage rates are specified in agreements of the International Ladies' Garment Workers' Union (Table 15) but only in the St. Louis agreement is the minimum wage rate for any operation below 40 cents an hour. In Boston, Cleveland and Detroit the minimum for some operations under the International Ladies' Garment Workers' Union agreement is 40 cents, while the minimum hourly rates for New York, Philadelphia and Chicago, the main centers, are 49, 50 and 43 cents respectively. Minimum hourly wage rates in the agreements of Local 252 of the Textile Workers Union are 40 cents, while agreements of the Swiss Embroidery Workers Union provide for a minimum of 45 cents an hour (Tables 16 and 17). The International Ladies' Garment Workers' Union contracts for passementerie workers in New York, Boston, and Los Angeles specify no minimum wage scale, all rates being on a piece rate basis.

Less than seven percent of the members of the International Ladies' Garment Workers' Union covered by agreements with Local 66 earn less than 51 cents an hour. About 15 percent of the wage earners covered by agreements of Local 252 of the Textile Workers Union earn less than a minimum of 55 cents.

Agreements negotiated in September, 1941, by Local 66 provided for an average increase of 10 percent. However, the minimum of 49 cents an hour remained the same. The increases were in the higher wage brackets. Within the past two years the average hourly earnings for wage earners covered by union agreements with Local 252 increased by about 25 percent.

Wage rates vary markedly for different operations in these collective agreements. In New York City agreements with Local 66 provide for occupational minima ranging from 49 cents to \$1.43 an hour.

Agreements of Local 252 of the Textile Workers Union and the Swiss Embroidery Workers Union provide for a given number of learners at the wage order minimum of 37½ cents for periods ranging from eight to twelve weeks. The agreements of Local 252 provide that learners receive an increase of \$1.00 monthly after eight weeks until the specified minimum for the particular operation is reached, while the Swiss Embroidery Workers Union agreements provide that the minimum of \$18 be paid at the conclusion of a 12-week learning period.

Wage Standards Where No Union Agreements Prevail

Representative employers in the Schiffli and Swiss hand-machine embroidery divisions in New Jersey, where non-union plants prevail,

(10,664)

Table 15.—Minimum Wage Scales in the Embroideries Industry, in Agreements of the International Ladies' Garment Workers' Union

	New York City	Philadelphia	Chicago	Los Angeles	Cleveland	St. Louis	Boston and Detroit
Number of agreements with minimum wage scales							
Collective b/	2	2	2	1	1	1	2
Independent	53						
Number of workers covered by above agreements							
Collective b/	4400	300	550	16	125	200	24
Independent	575						
Minimum wage scales:							
Bonnaz operators	\$1.43	\$1.00	\$1.10		\$.84-\$1.00	\$.43-.48	
Tuckers	1.43	1.00	.63-.77	\$.71	.84	.45	
Pleaters and pattern makers	1.29	.99					
Pattern makers			.86	\$1.07			
Pleaters	1.26	.94	.69-.77	.64-.86		.48-.56	
Air tuckers	.94	.67	.59			.45	
Shirrs	.94	.67	.61	.71		.45	
Hemstitchers	.94	.67	.54	.57		.45	
17 W 12 operators, menders and German hemstitchers	.94	.67					
Figure 8 and pipers	.94						
Bottom makers and hand rollers	.94	.50					
Machine setters and pleaters' helpers	.86	.60	.49	.64			
Stampers	.86	.67	.57-.58		.54	o/	
Zig Zag operators	.71	.50-.67	.46-.50			.40	
Ruchers	.71	.67	.59				
Pin makers and machine drawers	.71	.50					
Hemmers		.50		.46			
Faggetters, class 32	.71						
Joiners	.71			.46			
Electric cutters or winders	.66						
Corders and cutters				.71			
Cutters' helpers				.64			
Stitchers	.63				.54		
Seamers, binders and table cutters	.63						
Automatic workers (stitchers)	.51						
Pressers	.49			.57			
Pressers' helpers				.46			
Finishers, pinners and spoolers	.49	.50	.46		.40	o/	
Machine feeders	.49	.50					
Assistant stampers	.49	.50	.46		.40		
All other floor helpers	.49						
Crochet benders			.53		.60		
Applique cutters and nailhead punchers			.43				
Handworkers			.43		.45	o/	
Faggetters and puffers			.43			o/	
Hand benders			.43				
Embroiderers							\$.50
Plain sewers							.40
General minimum						o/	.40-.41
Number of agreements with no minimum scales (piece rates)							
Collective b/	1			1			1
Independent	9						4
Number of workers covered by above agreements							
Collective b/	300			15			150
Independent	200						85

Sources: Research Department, International Ladies' Garment Workers' Union, May, 1942

a/ One independent agreement covers 4 workers in Detroit, whose wage rates are 40 and 50 cents an hour.

b/ Collective or Association agreements.

c/ Fair Labor Standards Act minimum of 37- $\frac{1}{2}$ cents applicable.

Table 16.—Minimum Wage Scales in Agreements of the Textile Workers Union of America, Local 252, New York.

Number of agreements:	
Association agreements	2
Independent agreements	33
Number of workers covered	700
Minimum weekly wage scales for a 40 hour week	
Bias bindings	
Round knife cutters	\$36.00
Cameron cutters	36.00
Table cutters	31.00
Layor winders	31.00
Spoolers and calendar operators	27.00
Lover cutters	22.00
Trimmers, examiners, carriers, floor girls.	21.00
Errand boys and clerks	18.00
Cut ribbon bindings	
Cutters	25.00
Glucers	25.00
Fusers	25.00
Winders	18.00
Calendar operators	18.00
Errand boys	16.00
Learners	15.00

Source: Local 252, Textile Workers Union of America, April, 1942

(10,664)

Table 17.— Minimum Wage Scales in Agreements of the
Swiss Embroidery Workers Union, New York.

Number of independent agreements	14
Number of workers covered	125
Minimum hourly wage rates	
Stitchers	80 cents
Spanners	45 "
Spanners' helpers	45 "
Menders	45 "
Learners	37½ "

Source: Swiss Embroidery Workers Union, April 1942

(10,664)

reported to a member of the staff of the Wage and Hour Division that practically all factory wage earners were earning at least 40 cents an hour. Few workers willing to work at the minimum wage rate are available in Northern New Jersey which is a center of war industries. Wage scales in this area range from about 40 cents for spanners' helpers, to 45 and 50 cents for spanners, 47½ cents for watchers, and 75 cents to \$1.00 an hour for stitchers. The exceptions are mainly a limited number of former home workers who have recently been brought into the plants in conformity with the New Jersey home work law. jj

In New York City employers in the stamped art goods division stated that no factory workers in this branch of the industry earn less than 40 cents an hour.

Only a few wage earners performing hand embroidery, crochet beading and other forms of hand work commonly performed by home workers are covered by union agreements. Except for crochet beading, no wage standards exist for home workers. It is the opinion of representatives of some of the associations, as well as individual employers in New York City, that crochet benders average about 50 cents an hour, some earning as much as 75 cents. Inspections by the New York Regional Office of the Wage and Hour Division revealed that all other home workers average about 20 cents an hour.

(10,664)

BASIS FOR DETERMINATION OF THE PROBABLE EFFECTS OF VARIOUS MINIMUM WAGE RATES

The Wage Structure of the Industry

In 1940, the Bureau of Labor Statistics made a detailed field survey of the embroideries industry based upon payroll data for March, 1940. This survey covered 360 representative establishments 1/ employing factory workers in the three major areas where the industry is located namely, the New York metropolitan area which included towns in Northern New Jersey, Philadelphia and Chicago 2/. In addition, some information covering plants located outside the principal centers was obtained by a mail questionnaire. A total of 64 usable schedules from firms located in 17 states and employing 1,069 workers were tabulated 3/. Because the Bureau is devoting its major efforts to the compilation of data required by the various war agencies it was not called upon to conduct another wage survey for the embroideries industry.

Establishments employing approximately one-half of the factory workers in this industry in Philadelphia, Chicago and the New Jersey section of the New York metropolitan area were surveyed. About one-third of the embroidery workers in New York City were included. The data for New York were then weighted to make them conform to the percentages covered in the other main areas. After this adjustment the sample represented about 50 percent of the employees in these areas, or approximately 5,700 workers.

Using these data as a basis for the consideration of the present industry committee, average hourly earnings have been readjusted on the assumption that all wage earners then making less than the current minimum hourly wage rate of 37½ cents are earning at least that amount at the present time. The possible increases in the wage bill resulting directly from specified minimum wage rates ranging from 38 to 40 cents were then computed (Tables 18 to 27) 4/.

It has generally been recognized that wage rates in the embroideries industry as a whole have increased since 1940. The estimates given in the present report therefore overstate the effect of an increased minimum rate.

- 1/ The stamped art goods branch was not covered by the earlier embroideries industry definition. No wage data were therefore obtained for this branch of the industry.
- 2/ No data for home workers were included.
- 3/ These included 6 schedules covering Schiffli establishments, 46 pleating and stitching plants and 12 from trimmings and related products.
- 4/ These adjustments were based on data which appeared in the "Report on the Embroideries Industry" prepared by the Research and Statistics Branch of the Wage and Hour Division August, 1940.

(10,664)

The average hourly earnings for the industry as a whole in the three main areas covered would be 61.0 cents, an increase of 1.1 cents over the average for 1940, and 47.4 cents for the other areas, representing an increase of about 1.8 cents. As Table 18 shows, slightly less than one-third of the employees in the three main areas and about one-half of the wage earners in the other areas would be earning less than 40 cents an hour under this assumption.

Estimated Direct Effects on Wage Bill Resulting From Increases at Various Wage Levels

The estimated direct effects on the wage bill resulting from the establishment of minimum wage rates of 38, 39 or 40 cents an hour for the various areas are shown in Table 19. The estimated increase for the three main areas combined vary from 0.2 percent for a 38 cent minimum to 1.2 percent for a 40 cent minimum. In other areas the increases would be somewhat greater, ranging from 0.5 percent for a 38 cent rate to 2.6 percent for a 40 cent rate. The effects on the wage bill would be more pronounced in certain regions and in certain branches of the industry than in others and would vary with individual plants according to plant average hourly earnings.

Estimated direct increase in wage bill resulting from higher minimum wage rates, by branches

Wage rates differ widely both within a given branch and from one branch to another. The highest average hourly earnings were found in the Bonnaz, pleating, stitching and hand embroidery branch in which the estimated hourly average under a 37½ cent minimum rate was about 73 cents in the main areas and 51 cents in other areas as shown in Table 20. Less than 25 percent of the wage earners in the main areas would be affected by specified minimum wage rates up to a 40 cent minimum and 37 percent in the other areas. The percentage increases in the wage bill for the main areas would be 0.1 percent at a 38 cent minimum and 0.8 percent at a 40 cent minimum wage rate, while the percentage increases for the other areas would be 0.3 percent and 1.7 percent respectively.

The largest percentage of employees to be affected in any branch would be the Swiss hand-machine workers (Table 21). In this branch where the adjusted average hourly earnings were about 43 cents, almost two-thirds of the workers would be affected by a 40-cent minimum, resulting in an increase in the wage bill of 3.3 percent. In the Schiffli branch about 38 percent of the wage earners in the main areas and 60 percent in other areas would be affected by a minimum hourly wage rate of 40 cents. Here the wage bill in the main areas would be increased by 1.9 percent at a 40-cent minimum, and 3.2 percent in the other areas. Data covering the Swiss hand-machine and Schiffli branches frequently fail to reflect an adequate picture of the wage structure because members of the shop-owner's family are the only or primary workers in some establishments.

In the bindings, pipings and trimmings branch the adjusted average hourly earnings for the main areas were about 49 cents (Table 22). Approximately 38 percent of the wage earners in the main areas and about 65 percent in the other areas would be affected by the establishment of a 40-cent minimum; the increase in the wage bill for the main areas would be 1.9 percent, for the other areas, 3.5 percent at a 40-cent rate.

(10,664)

Table 18.-- Cumulative Percentage Distributions of Employees, by Average Hourly Earnings, in Specified Areas, Based on Earnings for March, 1940, Adjusted to a 37½ cent Minimum Rate, in the Embroideries Industry

Average hourly earnings	Main areas: New York metropolitan area, Philadelphia and Chicago <u>a/</u>		Other areas <u>b/</u>
	Cumulative percentage of employees at specified hourly earnings:		
37.5 cents	26.2	44.4	
Under 38 cents	27.6	46.7	
Under 39 cents	29.3	49.6	
Under 40 cents	30.1	51.5	
Adjusted average hourly earnings	61.0	47.4	
Number of plants in sample	350 <u>c/</u>	64	
Number of employees in sample	5,679	1,069	

Source: Based on a wage survey by the Bureau of Labor Statistics of payroll data for March, 1940.

a/ Includes weighted data for New York City, but excludes home workers.

b/ Covers employees reported in the usable schedule returns from 64 plants in 17 states.

c/ This total included 148 establishments in New York City, 142 in Northern New Jersey, 28 in Philadelphia and 32 in Chicago.

(10,664)

Table 19.-- Cumulative Percentage Distribution of Employees by Average Hourly Earnings and Percentage Increase in Wage Bill Resulting Directly from Specified Minimum Wage Rates, by Areas, in the Embroideries Industry

Average hourly earnings	Main areas:			Other areas <u>b/</u>
	Total <u>a/</u>	New York metropolitan area <u>a/</u>	Philadelphia	Chicago
Cumulative percentage of employees				
37.5 cents	26.2	24.3	32.2	37.2
Under 38 cents	27.6	25.5	34.6	39.6
Under 39 cents	29.3	27.3	37.3	40.4
Under 40 cents	30.1	28.0	37.3	41.7
Minimum hourly wage rate	Percentage increase in wage bill			
38 cents	0.2	0.2	0.3	0.4
39 cents	0.7	0.6	1.0	1.2
40 cents	1.2	1.1	1.6	2.1
Number of employees in sample	5,679 <u>a/</u>	4,752 <u>a/</u>	333	594
Average hourly earnings	61.0	63.1	54.8	48.6
				47.4

Source: Based on a wage survey by the Bureau of Labor Statistics of payroll data for March, 1940, from 350 plants, adjusted to a 37½ cent minimum wage rate.

a/ Based on weighted data for New York City. These data include 3,558 employees for New York and 1,194 for New Jersey.

b/ Based on data from 64 establishments in 17 states which answered mail questionnaires.

(10,664)

Table 20.--Cumulative Percentage Distribution of Employees by Average Hourly Earnings and Percentage Increase in Wage Bill Resulting Directly from Specified Minimum Wage Rates, by Areas, in the Piefting, Stitching, Bonnet and Hand Embroidery Branches of the Embroideries Industry

Average hourly earnings	Main areas:				Other areas b/
	Total a/	New York metropolitan area c/	Philadelphia	Chicago	
Cumulative percentage of employees					
37.5 cents	20.9	19.5	32.6	26.5	30.4
Under 38 cents	21.8	20.2	35.1	27.4	32.4
Under 39 cents	22.6	20.9	37.2	28.5	35.1
Under 40 cents	23.5	21.8	37.2	29.3	37.0
Percentage increase in wage bill					
Minimum hourly wage rate					
38 cents	0.1	0.1	0.3	0.3	0.3
39 cents	0.4	0.4	0.9	0.8	1.0
40 cents	0.8	0.7	1.6	1.4	1.7
Number of employ-ees in sample	3,362 a/	2,858 a/ c/	242	262	475
Average hourly earnings	73.2	76.9	57.9	51.9	51.0

Source: Based on a wage survey by the Bureau of Labor Statistics of payroll data for March, 1940, from 350 plants, adjusted to a 37½ cent minimum wage rate.

a/ Includes weighted data for New York City.

b/ Based on data from 64 establishments answering mail questionnaires.

c/ 71 of these employees were located in New Jersey.

(10,664)

Table 21.--Cumulative Percentage Distribution of Employees by Average Hourly Earnings and Percentage Increase in Wage Bill Resulting Directly from Specified Minimum Wage Rates, by Areas, in the Schiffli Machine and Swiss Hand - Machine Branches of the Embroideries Industry

Average hourly earnings		Schiffli Machine Products					Swiss Hand Machine Products Total d/
		Main areas:				Other areas e/	
		Total a/	New York metropolitan area b/	Philadelphia	Chicago		
Cumulative percentage of employees							
37.5 cents	33.0	31.6	b/	41.8	55.7	42.7	
Under 38 cents	35.0	33.2	b/	45.3	59.2	43.4	
Under 39 cents	37.1	35.8	b/	45.3	60.0	64.7	
Under 40 cents	37.8	36.5	b/	46.4	60.0	65.4	
Minimum hourly wage rate							
Percentage increase in wage bill							
38 cents	0.4	0.3	b/	0.5	0.6	0.5	
39 cents	1.1	1.1	b/	1.4	1.9	1.7	
40 cents	1.9	1.8	b/	2.4	3.2	3.3	
Number of employees in sample	1,214 a/	988 a/ c/	42	184	244	136	
Average hourly earnings	47.7	47.8	46.4	47.0	46.8	43.2	

Source: Based on a wage survey by the Bureau of Labor Statistics of payroll data for March, 1940, from 350 plants, adjusted to a 37½ cent minimum wage rate.

a/ Based on weighted data for New York City.

b/ Because of insufficient data, no distribution is available for Philadelphia.

c/ Based on data from 64 establishments which answered mail questionnaires. Also includes one small plant manufacturing Swiss hand-machine products.

d/ Only for three main areas, Metropolitan New York, Philadelphia and Chicago.

e/ All of these employees were located in New Jersey.

(10,644)

Table 22.—Cumulative Percentage Distribution of Employees by Average Hourly Earnings and Percentage Increase in Wage Bill Resulting Directly from Specified Minimum Wage Rates, by Areas, in the Bindings, Pippings and Trimmings Branch of the Embroideries Industry

Average hourly earnings	Main areas ¹				Other areas ²
	Total ³	New York metropolitan area ⁴	Philadelphia	Chicago	
37.5 cents	33.2	30.0	b/	50.1	55.3
Under 38 cents	36.1	32.9	b/	53.8	57.1
Under 39 cents	37.8	34.2	b/	55.2	61.7
Under 40 cents	38.2	34.2	b/	57.9	64.8
Minimum hourly wage rate	Cumulative percentage of employees				
	Percentage increase in wage bill				
38 cents	0.4	0.3	b/	0.6	0.7
39 cents	1.1	1.0	b/	1.8	2.0
40 cents	1.9	1.7	b/	3.0	3.5
Number of employees in sample	967 ⁵	770 ⁶ /d/	49	148	350
Average hourly earnings	48.8	49.5	47.0	45.5	43.0

Source: Based on wage survey by the Bureau of Labor Statistics of payroll data, for March, 1940, from 350 plants adjusted to a 37½ cent minimum wage.

a/ Based on weighted data for New York City.

b/ Because of insufficient data no distribution is available for Philadelphia.

c/ Based on data from 64 establishments which answered mail questionnaires.

d/ All of these employees were located in New York.

(10,644)

Plant average hourly earnings of the industry

Effects of given minima will, of course, vary somewhat with individual plants. Adjusted estimates of the plant average hourly earnings obtained by the Bureau of Labor Statistics for 303 of the 352 establishments ¹ surveyed are shown in (Table 23). Only 24 plants ² have average hourly earnings below 40 cents, with an adjusted average of 39.2 cents an hour for 273 workers. These workers accounted for less than seven percent of the total number of employees. About three-fourths of the workers in plants with average hourly earnings of less than 40 cents would be affected by an increase in the wage order, but less than 11 percent would be affected in plants with average hourly earnings of 90 cents or over.

The estimated direct percentage increases in the wage bill at specified minimum wages are shown in Table 24 for plants grouped according to their average hourly earnings. ³ In plants with the lowest average hourly earnings (37½ to 40 cents) a 40-cent minimum would increase the wage bill by 4.8 percent. At the other extreme, a 40-cent minimum would increase the wage bill by two-tenths of one percent (0.2) in plants with average hourly earnings over 90 cents. The largest group of plants, those with average hourly earnings between 45 and 50 cents, would have to increase their wage bills by 1.8 percent to meet a 40-cent minimum.

Regional differences in average hourly earnings

Computed average hourly earnings in the New York metropolitan area are 63.1 cents as contrasted with 54.8 cents in Philadelphia, 48.6 cents in Chicago and 47.4 cents in the remaining areas (Table 19). The percentage of workers affected by an increase would therefore be considerably smaller in the New York area than in other sections of the country. Thus in the New York metropolitan area 28.0 percent of the workers would be directly affected by an increase to a 40 cent hourly minimum. The corresponding figure for Philadelphia is 37.3 percent; Chicago, 41.7 percent; and other areas, 51.5 percent. However, owing to the heavy concentration of the industry in the New York area the number of workers affected by a 40 cent minimum would be much greater than in other areas. Thus, in the New York area over 1,300 workers would be affected whereas in Chicago only about 250 workers would be affected.

The differential between average hourly earnings in the New York area and other areas is wider in the Bonnaz, pleating, stitching and hand embroidery branch than in any other branch (Table 20). The metropolitan New York average rate of 77 cents ranges from 19 to 25 cents higher than in

¹ Forty-seven plants employing less than three employees and two plants employing home workers exclusively were not included in the tabulation.

² Seven of these plants were in the Schiffli division, six, Swiss hand-machine, eight, pleating, stitching, Bonnaz and hand embroidery, and three in the binding, piping and stitching branch.

³ See Appendix A for method of computation.

(10,664)

Table 23.—Cumulative Distribution of Employees According to Average Hourly Earnings under 40 cents, by Groups of Plants Classified According to Average Hourly Earnings, in the Embroideries Industry in the New York Metropolitan Area, Philadelphia and Chicago

Average hourly earnings	All plants ^{a/}	Plants having average hourly earnings of:							
		37.5 and under 40 cents	40.0 and under 45.0 cents	45.0 and under 50.0 cents	50.0 and under 60.0 cents	60.0 and under 70.0 cents	70.0 and under 80.0 cents	80.0 and under 90.0 cents	90.0 cents and over
37.5 cents	26.2 ^{a/}	73.0	41.0	32.3	19.1	20.0	15.4	14.2	7.9
Under 30 cents	27.6 ^{a/}	73.7	44.6	34.3	21.1	20.2	16.4	14.7	8.2
Under 39 cents	29.3 ^{a/}	77.0	47.7	37.6	23.0	21.0	15.4	14.9	9.0
Under 40 cents	30.1 ^{a/}	77.4	48.6	38.1	23.9	22.3	17.2	15.3	10.7
Number of workers ^{b/}	4,427	273	502	1,302	536	392	474	506	356
Number of plants ^{b/}	303 ^{a/}	24	47	73	43	32	34	24	21
Average hourly earnings	61.0	39.2	44.3	49.0	55.7	66.7	75.5	85.4	97.3

Source: Based on a wage survey by the Bureau of Labor Statistics of payroll data for March, 1940, adjusted to a 37 1/2 cent minimum wage rate.

^{a/} Based on data for 350 establishments.

^{b/} Excludes 72 workers in 47 plants which had less than 3 employees each, and two plants which employed homeworkers exclusively.

^{c/} Includes 111 Schirff plants of which 103 are located in New Jersey, 5 in Chicago and 3 in Philadelphia; 14 Swiss hand-machine embroidery plants in New Jersey; and 179 plants in the pleating, stitching and trimmings branch of which 136 were located in New York, 21 in Chicago, 17 in Philadelphia and 4 in New Jersey.

(10,664)

Table 24.—Percentage Increases in the Wage Bill Resulting Directly from Specified Minimum Hourly Wage Rates, by Plant Average Hourly Earnings, in the Embroideries Industry in the New York Metropolitan Area, Philadelphia and Chicago

Minimum hourly wage rate	All plants ^{a/}	Plants having average hourly earnings of:							
		37.5 and under 40 cents	40.0 and under 45.0 cents	45.0 and under 50.0 cents	50.0 and under 60.0 cents	60.0 and under 70.0 cents	70.0 and under 80.0 cents	80.0 and under 90.0 cents	90.0 cents and over
31 cents	0.2 ^{a/}	0.9	0.5	0.3	0.2	0.2	0.1	0.1	0/
39 cents	0.7 ^{a/}	2.9	1.5	1.1	0.6	0.5	0.3	0.3	0.1
40 cents	1.2 ^{a/}	4.3	2.6	1.8	1.0	0.8	0.5	0.4	0.2
Number of plants ^{b/}	303	24	47	73	40	32	34	24	21
Number of employees ^{b/}	4,427	273	502	1,302	536	392	474	506	356
Number of employee-hours	153,261	10,592	23,346	49,908	19,045	11,077	14,111	14,554	9,840
Percent of employee-hours	100.0	6.9	15.2	32.6	12.4	7.0	9.2	9.5	6.4

Source: Based on a wage survey by the Bureau of Labor Statistics of payroll data for March, 1940, adjusted to a 37 1/2 cent minimum wage rate.

^{a/} Based on data for 350 establishments.

^{b/} Excludes 72 workers in 47 plants which had less than 3 employees each, and two plants which employed homeworkers exclusively.

^{c/} Less than 0.05 percent.

(10,664)

the other areas. About one-fifth of the workers in the New York area would be affected by an increase in the present minimum.

Although the average hourly earnings are practically the same in all areas the proportion of the wage earners affected by a higher wage order would vary from about one-third in the New York area to about three-fifths in other areas (Table 22).

In the bindings, pipings and trimmings branch the average hourly earnings for the New York metropolitan area were higher than the average for the industry as a whole. About one-third the number of wage earners in New York would be affected by a 40-cent minimum and about two-thirds of those in other areas (Table 22).

Assuming a 40-cent minimum for the industry as a whole, the percentage increase in the wage bill for the New York area would be 1.1 percent; for Philadelphia, 1.6 percent; for Chicago, 2.1 percent; and for the other areas, 2.6 percent (Table 19).

Estimated Direct Effect of Wage Bill Increases on Production Costs

The ratio of wages and salaries (exclusive of salaries for administrative officers) to the value of product is helpful in estimating possible effects on the costs of production. Since the wage bill represents only one of several items in the total cost of production, the percentage increase in the cost of production would be considerably less than the percentage increase in the wage bill.

The most recent data relating to the ratio of wages and salaries to the total value of products are to be found in the Census of Manufactures for 1939. These ratios are considerably lower than the estimates obtained from manufacturers in the various divisions of the industry. The ratio of wages and salaries to the value of product, and the ratio of wages and salaries to prime costs which in addition to labor costs include the cost of materials, supplies, fuel, purchased electric energy and contract work are shown in Table 25. It is natural that the ratio of wages and salaries should be markedly higher for contract shops which process materials owned by others and whose principal contribution to the product is labor than for regular establishments.

Wages and salaries roughly represent 30 percent of the total value of products and about 41 percent of the prime costs. Because prime costs do not include rent, overhead, depreciation, etc., the ratio of wages and salaries to prime costs is considerably higher than the ratio of wages and salaries to total costs of production. The ratio of labor costs to costs of production as shown by Census data lies somewhere between 30 and 41 percent. The estimates of the ratio of labor costs to costs of production obtained from representative producers in the various branches of the industry are however considerably higher. These estimates of the average ratio of labor costs to total operating costs ranged from 40 percent in the bindings branch to 65 percent in the Swiss hand machine branch, (Table 26, footnote a/). The percentage increases in total operating costs obtained by applying these ratios of labor costs to the direct increase in the wage bill are shown in Table 26. The percentage increase in operating costs for the three main areas at a 40-cent hourly minimum would be one-half of one percent, whereas the increase for other areas would be about 1.2 percent.

(10,664)

Table 25.-- Ratio of Wages and Salaries to Value of Products and Receipts for Contract Work and to Prime Operating Costs, in the Embroideries Industry, by Branches, 1939

Branch	Wages and Salaries ^{a/}	Ratio of wages and salaries to value of products and receipts for contract work	Prime Costs ^{a/b/}	Ratio of wages and salaries to prime costs
	Amount	Percent	Amount	Percent
All branches	\$18,414,795 ^{c/}	29.4	\$44,567,141	41.3
Schiffli machine products	3,742,980	26.5	9,871,733	37.9
Embroideries other than Schiffli, total	4,180,358	42.2	6,473,918	64.6
Regular factories	381,192	34.5	1,252,623	46.4
Contract factories	3,599,166	43.8	5,221,295	68.9
Trimmings and stamped art goods, total	10,431,457	27.1	28,221,490	37.2
Regular factories	4,511,600	17.3	20,455,244	22.1
Contract factories	5,979,857	47.8	7,766,246	77.0

Source: Census of Manufactures, 1939.

^{a/} Salaried officers are excluded.

^{a/b/} Prime costs include wages, salaries, and cost of materials, supplies, fuel, purchased electric energy and contract work.

^{c/} Wages \$15,566,967; salaries, \$2,847,828.

(10,664)

Table 26.--Estimated Percentage Increases in Total Operating Costs Resulting Directly from Specified Minimum Hourly Wage Rates, by Branch and Area, in the Embroideries Industry. ^{a/}

Minimum hourly wage rates	Main areas:				
	Total	New York metropolitan area ^{b/}	Philadelphia	Chicago	Other areas ^{c/}
Embroideries industry					
38 cents	0.1	0.1	0.1	0.2	0.2
39 cents	0.3	0.3	0.5	0.5	0.7
40 cents	0.5	0.5	0.7	0.9	1.2
Pleating, stitching, Bonnaz, hand embroidery					
38 cents	0.1	0.1	0.2	0.2	0.2
39 cents	0.2	0.2	0.5	0.4	0.5
40 cents	0.4	0.4	0.8	0.7	0.9
Schiffli machine products					
38 cents	0.2	0.1	e/	0.2	0.3
39 cents	0.5	0.5	e/	0.6	0.9
40 cents	0.9	0.8	e/	1.1	1.4
Swiss hand-machine products					
38 cents	0.3	e/	e/	e/	e/
39 cents	1.1	e/	e/	e/	e/
40 cents	2.1	e/	e/	e/	e/
Bindings, pipings and trimmings					
38 cents	0.2	0.1	e/	0.2	0.3
39 cents	0.4	0.4	e/	0.7	0.8
40 cents	0.8	0.7	e/	1.2	1.4

^{a/} Computed by multiplying the percentage increases in the wage bills by the estimated ratios of labor costs to operating costs as furnished by representation producers in various branches of the industry. The ratios used are as follows:

Embroideries industry as a whole -- 45 percent
Pleating, stitching, Bonnaz and
hand embroidery -- 50 percent
Schiffli machine products -- 45 percent
Swiss hand-machine embroideries -- 65 percent
Bindings, pipings and trimmings -- 40 percent

^{b/} Includes plants in New Jersey located in the New York Metropolitan area. Data for New York are weighted.

^{c/} Based on data from 64 establishments in 17 states which answered mail questionnaires.

^{d/} Stamped art goods establishments were not included in the Bureau of Labor Statistics survey.

^{e/} No data available.

(10,664)

The pleating, stitching, Bonnaz and hand embroidery branch would be least affected by a 40-cent minimum wage rate, the rise in operating costs in the main areas amounting to less than one-half of one percent; in the other areas the increase would be less than one percent. This branch of the industry employs the largest number of workers. The Swiss hand-machine branch which employs the smallest number of workers would bear the greatest increase, namely, 2.1 percent.

The increase in total operating costs for all plants in the three main areas surveyed would be one-half of one percent. Plants with average hourly earning of 40 cents or more would experience direct percentage increases ranging from one-tenth of one percent to 1.2 percent as a result of a 40-cent minimum hourly rate (Table 27). For the small number of plants with average hourly earnings of 37½ to 40 cents the increase necessitated by a 40-cent minimum would amount to 2.2 percent.

(10,664)

Table 27.--Percentage Increases in Total Operating Costs Resulting Directly from Specified Minimum Hourly Wage Rates, by Plant Average Earnings, in the Embroideries Industry, in the New York Metropolitan Area, Philadelphia and Chicago.

Minimum hourly wage rate	All plants	Plants having average hourly earnings of:									
		37.5-40.0 cents	40.0-45.0 cents	45.0-50.0 cents	50.0-60.0 cents	60.0-70.0 cents	70.0-80.0 cents	80.0-90.0 cents	90.0 and over		
38 cents	0.1	0.4	0.2	0.1	0.1	0.1	0.1	0.1	0.1	b/	b/
39 cents	0.3	1.3	0.7	0.5	0.3	0.2	0.1	0.1	0.1	a/	a/
40 cents	0.5	2.2	1.2	0.8	0.5	0.4	0.2	0.2	0.1		

Percentage increase in total operating costs a/

a/ Computed by multiplying the increase in the wage bill by 45 percent, the ratio of labor costs to total operating costs, for the embroideries industry as a whole.

b/ Less than 0.05 percent.

(10,664)

APPENDIX A

PROCEDURE FOLLOWED IN ESTIMATING PERCENTAGE DIRECT WAGE BILL INCREASES

The most recent survey of earnings in the embroideries industry was made by the Bureau of Labor Statistics in March, 1940. These data were included in the report on the embroideries industry prepared by the Research and Statistics Branch of the Wage and Hour Division in August, 1940. For the present report the March, 1940 data have been adjusted by increasing all employees who at the time of the survey earned less than 37.5 cents an hour to the present statutory minimum of 37.5 cents.

In the absence of current statistical information on the present earnings of those earning 37.5 cents or more an hour in March, 1940, no adjustment of the average hourly earnings of these workers has been attempted. The average hourly earnings for the industry shown in the March, 1940 report have been augmented by the amount necessary to increase all those earning less than 37.5 cents an hour to 37.5 cents.

The percentage wage bill increases directly required by various minima were computed as follows:

1. The aggregate increase in salaries or wages necessary to raise the minimum from 37½ to 38, 39 and 40 cents an hour was obtained by subtracting the estimated amount currently being paid to employees from the amount that would be paid if minima of 38, 39 and 40 cents an hour were established.
2. The total industry wage bill was determined from the adjusted average hourly earnings.
3. The aggregate differences secured in step number one were computed as a percent of the total wage bill to obtain the percentage wage bill increases directly required by the imposition of a minimum of 38, 39 or 40 cents an hour.

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(10,664)

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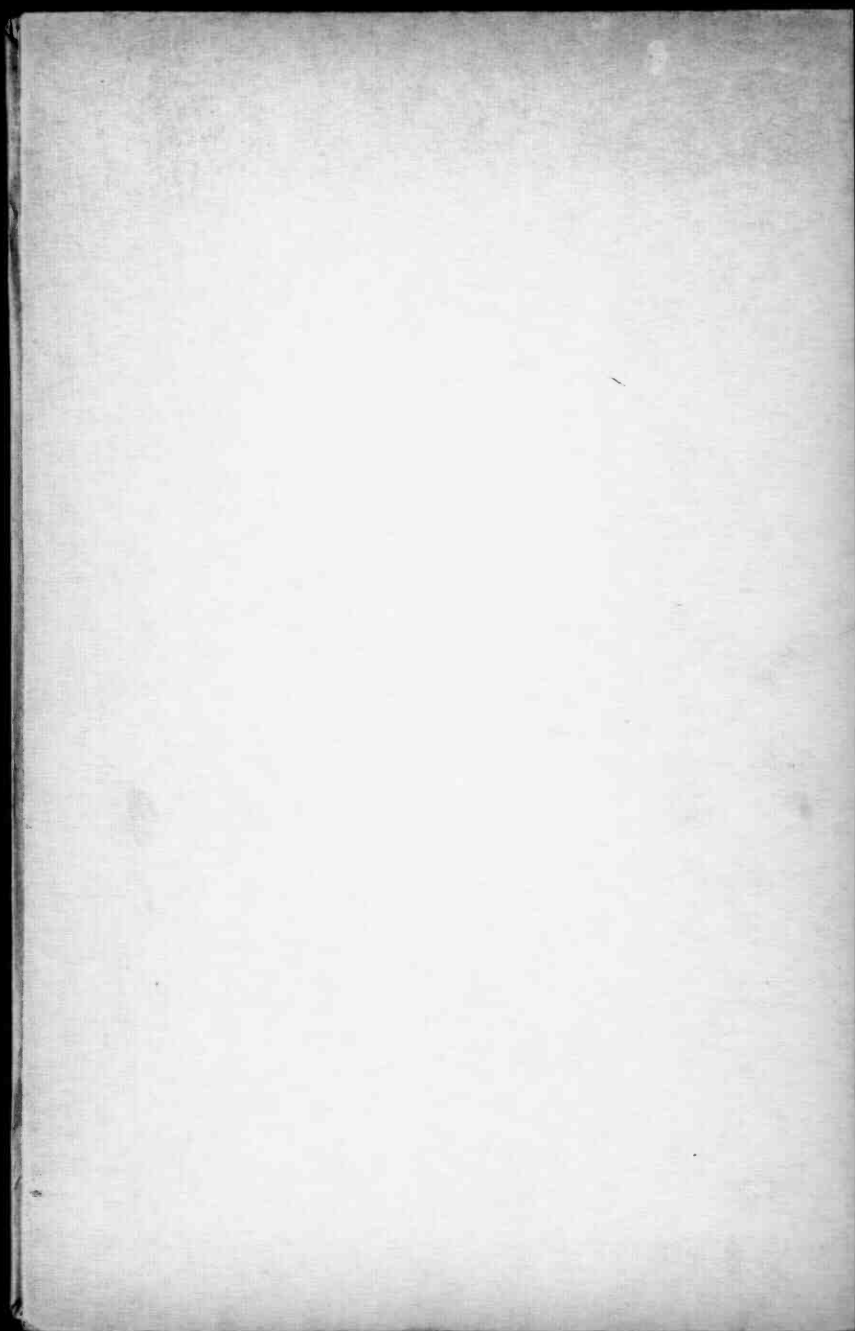
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